



KNYSNA LOCAL MUNICIPALITY

Annual Report 2012/13 (Before Noting by Municipal Council)



KNYSNA
Municipality
Munisipaliteit
uMasipala



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CHAPTER 1 – EXECUTIVE MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR’S FOREWORD

EXECUTIVE MAYOR’S FOREWORD

a. Vision

Vision: Knysna, where people and nature prosper.

Mission: To provide affordable quality services, alleviate poverty, and facilitate social and economic development in the Greater Knysna municipal area through integrated development planning, skills development and the sustainable use of resources.

b. Key Policy Developments

(IDP office to provide)

c. Key Service Delivery

Among our achievements were several large scale projects for provision of water, electricity, sanitation and housing as well many smaller achievements that ultimately improved the lives of local communities.

These included:

- The installation of significant electricity infrastructure including new intake sub stations, new transformers, fibre optic cables and hundreds of new electrical connections to homes and businesses.
- Several water projects have commenced or were well underway including the Karatara River Weir Project, master planning of the total water reticulation system, the Rheenendal Water Augmentation Project and a crucial water pipeline to the rapidly developing Northern Areas.
- Upgrading and construction of roads and sidewalks in the Northern Areas as well as the greater Knysna Area. Sedgefield’s first proper taxi rank was opened in June.
- Construction of guard rails, wheelchair ramps and retaining walls in disadvantaged communities throughout the municipal area.
- Extensive upgrades of Knysna Waste Water Treatments Works, installation of hundreds of toilets and the upgrade of several pump stations are soon coming to an end.
- 294 low cost houses were completed over the past financial year, 320 new slabs have been cast and 300 properties connected to services.

d. Public Participation, Communication and Customer Relations

2012-2013 included the following actions towards better communication, increased public awareness and improved, engaging the public in decision-making and accountability to communities:

- The creation of a new Communications and Customer Relations department within the municipality, and the creation of three new posts to initiate this service in-house.
- The Customer Care Policy, including a Customer Care Charter, and the Communication Strategy were approved in Council.

-
- Council's corporate identity has also been refined and included the introduction of a new logo and related marketing materials.
 - The municipal website, which had dated technologically since its inception in 2006, was re-launched in February to incorporate modern technology and more user-friendly interaction. It continues to develop with the needs and requirements of the municipality.
 - In an effort to enhance ward participatory democracy, the Knysna Municipality is continuing to up-skill the Ward Committee structures through training and involving ward committees more in municipal affairs. Through the Public Participation Unit ward Councillors are supported in interacting with their communities through IDP, Budget and report-back meetings.

e. Future Actions:

The country's first Integrated Strategic Development Framework (ISDF) has been initiated to ensure better coordination between the municipality's different strategic plans including the Human Settlement Plan, Spatial Development Framework, Environmental Plan and the Economic Development Strategy.

Incorporating the longest public participation process ever undertaken by a local government for this kind of project, the ISDF is intended to incorporate all aspects of town and infrastructure planning including economic development, environmental integrity, provision of housing and facilities, bulk infrastructure, as well as a range of social issues associated with development.

Once approved, the ISDF will serve as a business plan to motivate funding, stimulate investment and highlight opportunities.

f. Conclusion:

Despite increasing frustration and difficult financial and socio-economic circumstances, the Knysna Municipality continues to strive towards excellence in all aspects within its mandate. Council continues to believe that bit-by-bit we are winning the battles and that ultimately our town will be a place where people and nature prosper.

Signed by : _____

Georlene Wolmarans

Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The 2012-13 financial year has been an exceptional year in which many key decisions were made, including the appointment of four new Directors. We look forward to the results of having a full senior team at the helm in this coming financial year.

It was also the first year of Knysna's third generation Integrated Development Plan (IDP), the indicators of which were fully aligned to Council's priorities of basic services delivery, infrastructure development, housing and socio-economic development. The Provincial Authorities have commended our IDP as being a "best practice". Its first review was tabled in May 2013.

Key activities in the past year include:

a new Communications and Customer Relations Department was established and a Communications Strategy and Customer Relations Policy were approved.

A new Manager Economic Development. The unit has created and participated in several projects including the setting up of the Go Local Campaign, the Small Medium and Micro Enterprises (SMME) incubator project as well as computer classes and assistance for unemployed youth. Rheenendal and Karatara have been identified and activated as Comprehensive Rural Development Wards.

2190 direct jobs which were created by the municipality and 8540 'person days' of casual labour was provided by the Parks Department. Human Settlements created more than 800 direct job opportunities as part of the roll out of houses.

A new focus on youth and sport development including the appointment of a new Social Services Officer and four contract Youth Advisors.

The launch and implementation of the Knysna Estuary Pollution Action Plan from November 2012, which has been lauded for the municipality's efficient coordination with other stakeholders and government departments. **Implicit** to this plan is the ongoing upgrading of the Waste Water Treatment Works and the recently implemented Storm water and Sewerage Audit.

Council also appointed the Knysna Municipal Public Accounts Committee (MPAC) in February 2013 and has compiled its first Oversight Report for the past financial year.

In December 2012 Council took the decision to write off what over R30-million in service arrears and to introduce a far more stringent approach of recovering service charges and arrears via the prepaid electricity system. The write-off was affected in April 2013 and applied to business and domestic arrears. It excluded assessment rates, state debt and arrears on vacant land. The prepaid system will in future also be used to levy municipal services and recover arrears on services.

Council is also embarking upon a large database clean-up and data amalgamation to ensure one system houses all municipal financial information. Once the amalgamation process is completed, all financial data will run via the Promun financial system. This in turn will link with the Standard Chart of Accounts (SCOA) project, which is currently being coordinated at national level, and will provide proper information data and statistics to use when justifying future requests for Equitable Share.

While the municipality has received unqualified audits for the past six years, we are exceptionally proud of our first clean audit since the implementation of the Municipal Finance Act. For us, this clean audit is the result of the conscientious pursuit of good corporate governance and sound financial management, which are objectives we strive to achieve as a matter of course in the day-to-day workings of the municipality rather than a pursuit to just tick the boxes.

As this report indicates, the 2012/13 financial statements reflect good financial practice and an improvement in terms of service delivery via 107% expenditure (R75,1-million) of its capital budget expenditure. In effect it means that the municipality delivered on infrastructure, spent all its government grants, and used unspent funding from the previous

financial year to pay for even more service delivery priorities.

Taking into consideration that we only spent 70% of our capital budget the previous financial year, the municipality is particularly pleased that it managed this past year to speed up the processes that would ensure that projects were completed on time - and thereby ensured that we did not forfeit national government grants because we could not spend it in time.

On the operational side, the municipality spent 98% (R493-million) of its budget, which is a good indication of effective application of financial resources.

Overall, the past financial year is an improvement from the previous year, our cash position is still sound and our debtors have improved.

The 2013-14 financial year has as its main project the Integrated Strategic Development Framework (ISDF). The first of its kind in South Africa, the framework will consolidate planning of all relevant departments and, once approved in Council, will serve as a business plan to motivate funding, stimulate investment and highlight opportunities for the greater Knysna over the next 20 to 30 years.

The Knysna Municipality reaffirms its commitment to service delivery, transparency and good governance. While we believe the Annual Report before you is an example of all these commitments, we recognise that there are still lots to be done. We continue to strive to become a town in which all our people prosper.

Signed by : _____

Lauren Waring

Municipal Manager

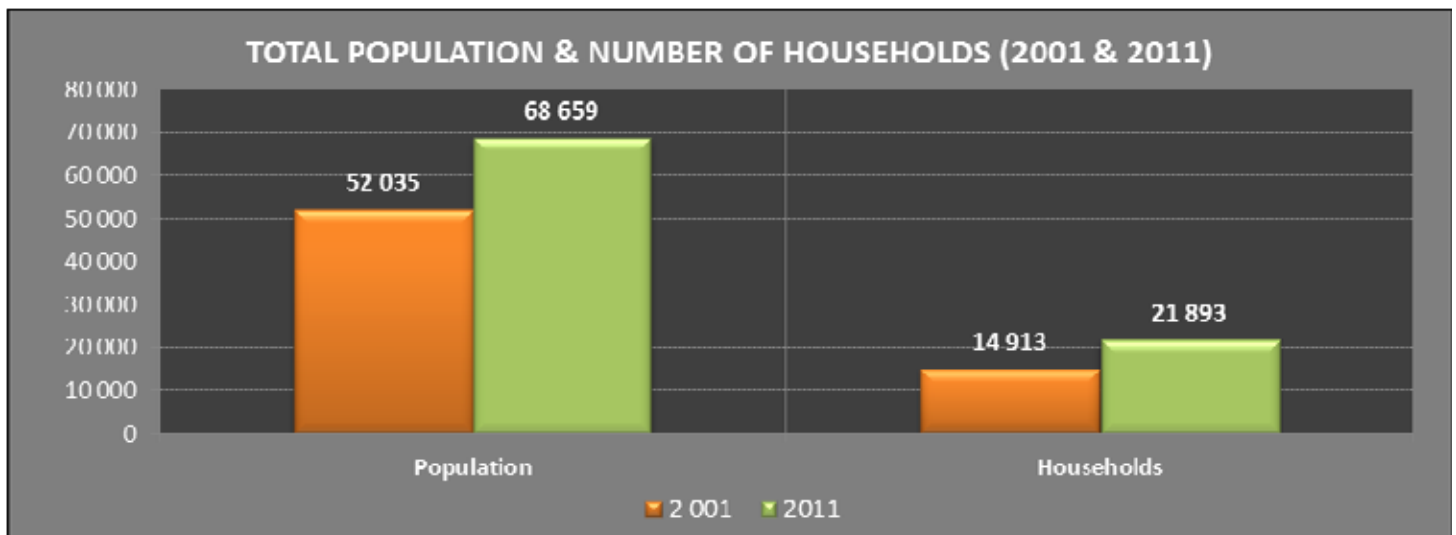
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

DEMOGRAPHIC PROFILE:

POPULATION AND HOUSEHOLD FACTS:

- The total population of the Greater Knysna Municipal Area was 68 659 in 2011
- The average growth rate of the population from 2001-2011 was 2.77%
- The total number of households in the Greater Knysna Municipal Area was 21 893 in 2011
- The total number of households in the Greater Knysna Municipal Area increased by 3.9% between 2001-2011.
- The coloured population dominates the municipal area making up 40.9% of the population and the second most dominant population in the area is the black African population making up 36.1% of the total population.
- The Gini-coefficient, is the international standard for measuring the distribution (or dispersion) of wealth in a country or demarcated area. Knysna Municipality has a Gini-coefficient of 0.56. The Gini coefficient is a ratio between 0 and 1, where 0 implies that each individual receives the same 'income' and 1 implies that only one individual receives all the 'income'. The co-efficient for South Africa is 0.56 therefore Knysna has a similar distribution of wealth as experienced nationally, which implies that Knysna Municipality is still a relatively unequal society in terms of wealth distribution.

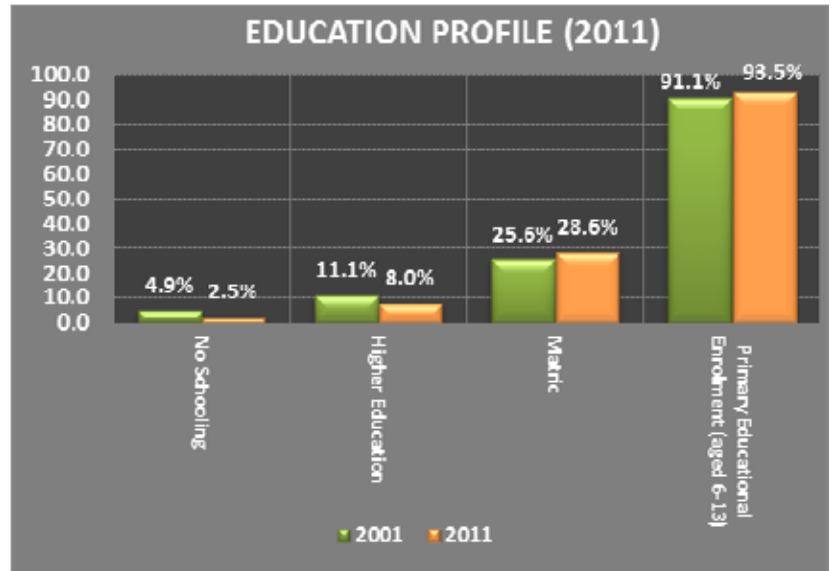
The economic strategies of the municipality should therefore be directed to narrow the gap between the rich and the poor and encourage equitable access to all sectors of society into the main stream economy.



(Source: Stats SA Census data, 2011)

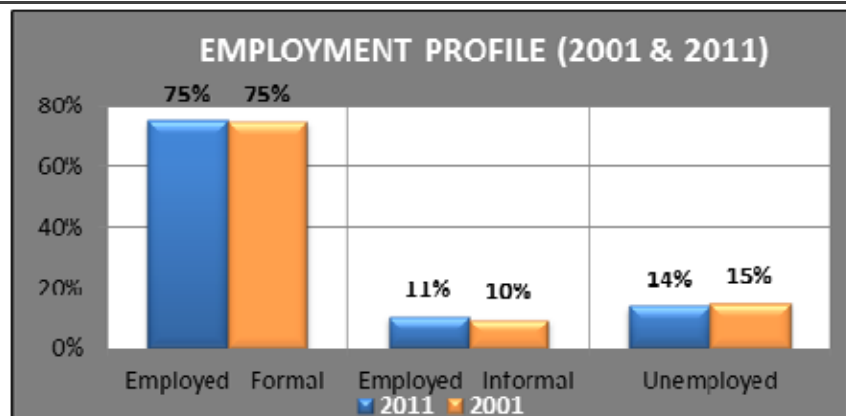
EDUCATION & EMPLOYMENT:

- The Department of Education in the Western Cape indicated that there are fourteen (14) primary schools four (4) high schools and four (4) other schooling institutions within the municipal area. An additional high school and a primary school have been established in Concordia during this period under review to accommodate the growth in population in the Northern Areas.
- 28.6% of the population have completed Grade 12 as at 2011 which is an improvement of 3% since 2001.
- 2.5% of the population have not attended any form of formal schooling at 2011, which is an improvement on the 4.9% recorded in the previous census report of 2001.
- A relatively large percentage of 93.5% of the population received a primary education as at 2011.
- This situation is indicative of the low skill level in the region as only 8% of the total population received a form of higher education which indicates a decrease from 11% in 2001.
- This is a worrying factor because it seems that more learners pass matric but less of them further their studies and obtain some form of tertiary qualification. Knysna Municipality must play a facilitation role to encourage the leaders of tomorrow to further their studies beyond matric and also assist through bursary schemes and learnerships, etc.
- Knysna has a major institutional and knowledge leakage of its youth towards the country's metropolitan areas in search of better education and employment opportunities. This emphasises the need to establish a FET learning institution in Knysna
- This decreases the potential of "home grown" entrepreneurs and skills from Knysna which has a negative impact on major public and private sector employers.

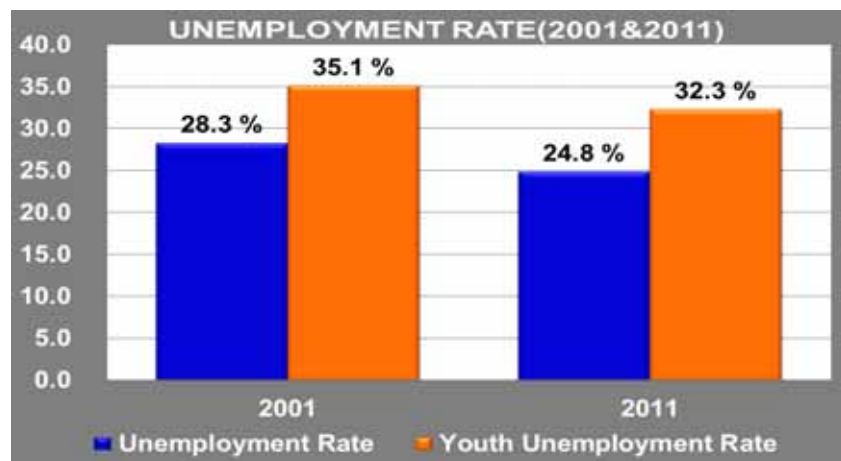


EMPLOYMENT FACTS:

- 24.8% of the economically active segment of the population was unemployed in 2011 which illustrates a slight drop in the 28.3% unemployment rate recorded in 2001. It is widely assumed that this improvement in the unemployment rate is highly unlikely. The economy of Knysna Municipality has certainly declined since the unsustainable boom in 2008/9 and a number of established businesses closed down in the meantime, resulting in significant job losses. Very little or no major developments happened in the last couple of years which could turn the situation around. It was expected that the 2011 census report would have recorded an increase in the unemployment rate of Knysna Municipality.
- 75.2% of the economically active segment of the population is employed in either the formal or informal markets.
- "Economically active" refers to any person who is employed or actively searching for work. This excludes individuals older than 65 and younger than 15.
- A big component of the unemployed is amongst the youth and although the census report illustrates an improvement from 35% -32.3% between 2001-2011 it is still alarming to note how many of the youth have no access to job opportunities.
- The sectors with the most potential to alleviate poverty identified include agriculture, manufacturing, trade and tourism. Even though the agriculture industry is showing a decline over a number of years, it is still a significant contributor of job opportunities. A series of poverty relief programmes were also pioneered through Expanded Public Works Programmes (EPWP), Greening Programmes, Working for Water and SMME development.
- The next five years will require significant actions to regenerate the economy of the GKMA to address the increasing levels of unemployment and declining skills base.



(Source: Stats SA Census data, 2011)

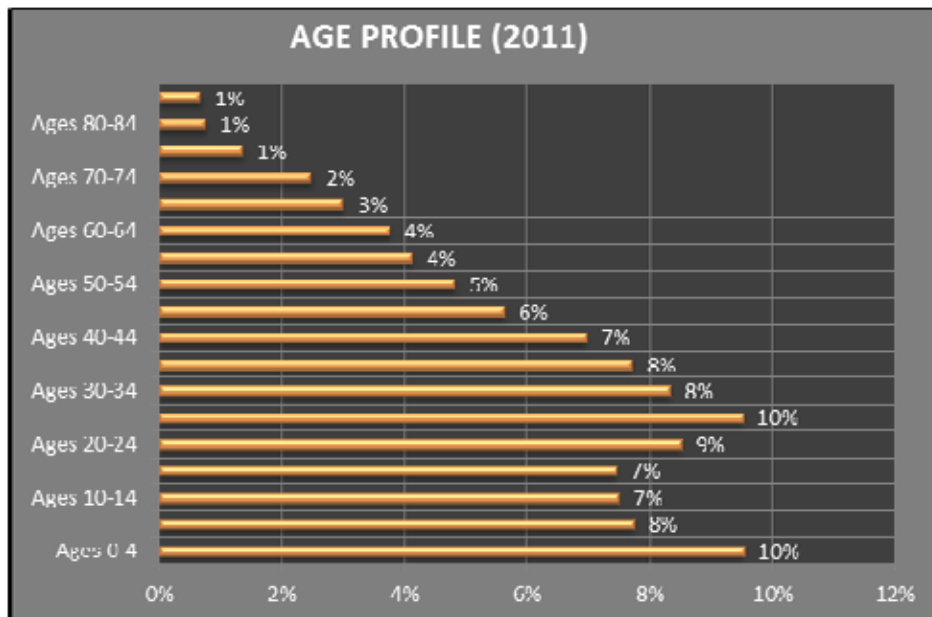


(Source: Stats SA Census data, 2011)

AGE PROFILE:

- The majority of the population of Knysna Municipality can be considered youthful with 50% of the population below the age of 30 and 25% younger than the age of 15.
- 67% of the population is of an economically active age (15-65 years) and 8% of the population can be considered retirees' (over the age of 65).
- Knysna has a relatively young population although since 2001 the youth profile (younger than 15) of Knysna LM has declined from 26.2% which is due to the number of births which is slightly less per household i.e. average household sizes declined from 3.4 in 2001 to 2.9 in 2011 census.

(Source: Stats SA Census data, 2011)



INCOME & TYPE OF DWELLING:

HOUSEHOLD INCOME FACTS:

- Household income is one of the most important determinants of welfare in a region. The ability to meet basic needs, such as for adequate food, clothing, shelter and basic amenities, is largely determined by the level of income earned by the households. Poverty is often defined as the lack of resources to meet such needs.
- An important indicator of poverty in a region is the number of households with an income below the Poverty Line.
- The percentage of households who earn no income has increased by 2% over a 10 year period.
- The low income group has increased by 10.6% in ten years which indicates there are more households earning less income who are usually socially dependent and require assistance from Government.

INCOME CATEGORY	PERCENTAGE DISTRIBUTION	
	2011	2001
No Income	16.4%	14.4%
R 1 - R 4800	3.3%	2.6%
R 4801 - R 9600	4.3%	12.1%
R 9601 - R 19 600	13.8%	19.3%

- The middle income households have increased by 4.2% whilst the number of high income households has also increased by 6.4%. This is a positive indicator towards households who are economically active and contribute towards the local economy and tax base.

R 19 601 - R 38 200	18.8%	19.6%
R 38 201 - R 76 400	15.0%	14.4%
R 76 401 - R 153 800	11.1%	10.5%
R 153 801 - R 307 600	8.8%	5.0%
R 307 601 - R 614 400	5.6%	1.3%
R 614 001 - R 1 228 800	1.9%	0.5%
R 1 228 801 - R 2 457 600	0.6%	0.2%
R 2 457 601 or more	0.4%	0.1%

(Source: Stats SA Census data, 2011)

TYPE OF DWELLING:

- The majority of the population occupy a formal dwelling 74.8% in 2011 which is an improvement of 5.4% on the same indicator in 2001.
- An additional 5051 formal brick structures were constructed since 2001 in Knysna Municipality.
- The percentage of households living in informal dwellings in 2011 was 25.2%.
- The type of informal dwelling which was constructed the most since 2011 was an informal dwelling in a backyard which increased by 928 informal structures.

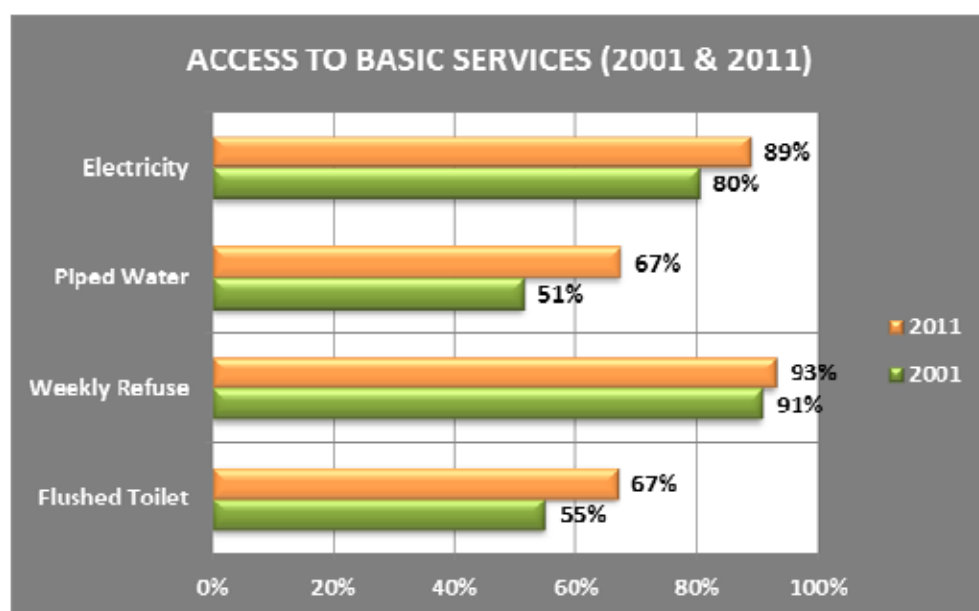
TYPE OF DWELLING	2011	2001
House or brick structure on a separate stand or yard	14 295	9 244
Traditional dwelling/hut/structure made of traditional materials	139	870
Flat in a block of flats	616	262
Town/cluster/semi-detached house (simplex, duplex or triplex)	819	366

House/flat/room, in backyard	340	236
Informal dwelling/shack, in backyard	1 266	338
Informal dwelling/shack, squatter settlement	4 000	3 241
Room/flatlet not in backyard but on a shared property	89	99
Caravan or tent	34	48

(Source: Stats SA Census data, 2011)

BASIC SERVICES:

- The Knysna Municipality has increased the access to basic services considerably over the last 10 years.
- The percentage of households using electricity for lighting has increased by 9% to 89% in 2011.
- The percentage of households with access to piped water inside a dwelling has increased to 67% in 2011. There are still a substantial number of households who access water from a communal tap especially in the informal and rural communities. The performance of this accessibility indicator increased by 16% since the last census in 2001.
- The household waste which is removed on a weekly basis is at 93% of households which represents an increase of 2%.
- Accessibility to a flushed toilet which is connected to a sewerage increased by 12% to 67% in 2011.

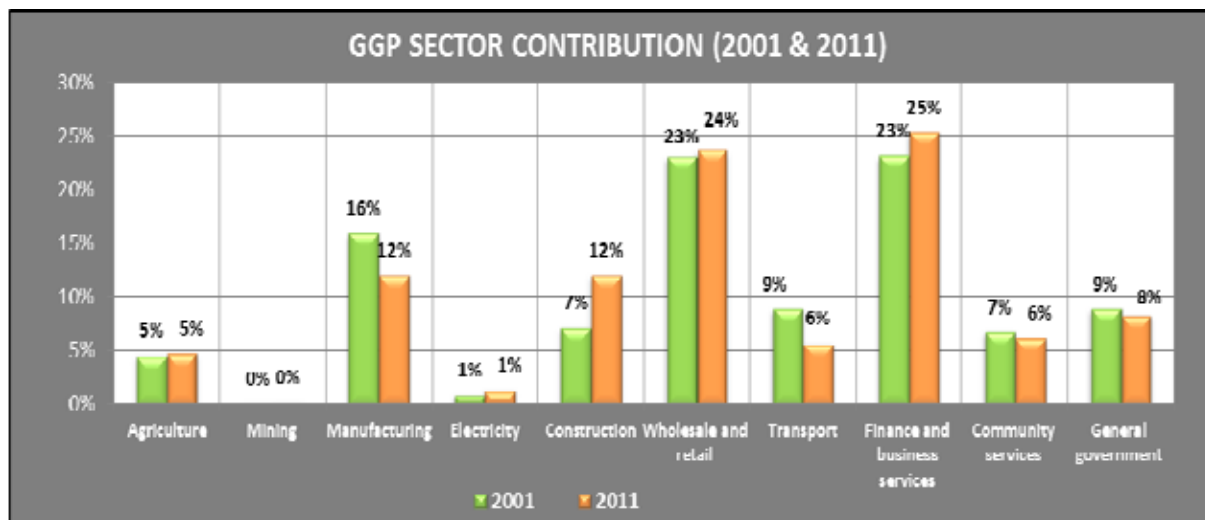


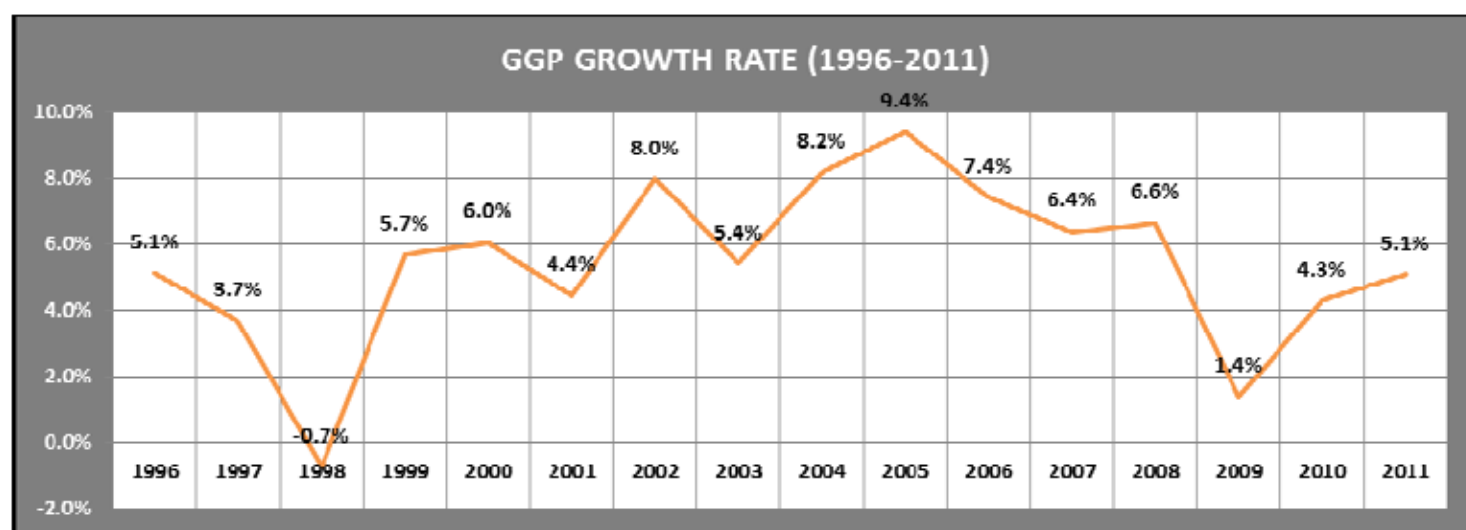
(Source: Stats SA Census data, 2011)

ECONOMIC PROFILE:

GROSS GEOGRAPHIC PRODUCTION (GGP) GROWTH RATES:

1. Total GGP in the municipal area for 2011 across the various industries was R 2 388 699 405 according to Quantec (2012).
2. The average growth rate for GGP in the area from 1996-2011 was 5.4 % and in 2007-2011 this has slowed down slightly to an average growth rate of 4.8%.
3. The largest contributing sector to employment in the local economy (21.12% of total employment in the formal sector) is the Wholesale and Retail, Catering and accommodation sector
4. Knysna's economy has been growing positively for the last 15 years but the growth has slowed down from 9.4% boom in 2005. The growth spurts in the economy are primarily due to the tourism industry and construction sector developments such as Pezula and Simola which resulted in increased business sales for manufacturing and related businesses to grow.
5. Both the construction sector and the tourism industry are seasonal and susceptible to economic changes such as the Rand/Dollar Exchange, political unrest, global recession etc. This places Knysna Municipality at risk and requires a stronger effort to diversify the economy.





PEOPLE LIVING WITH DISABILITY

Although the Constitution of South Africa protects the rights of people with disability and prohibits discrimination on the basis of disability, limited facilities currently exist in the GKMA for people living with disability. Currently public amenities such as *libraries, community halls, municipal offices & buildings and road infrastructure* are badly designed for people with disabilities. Council has however lately demonstrated more cognicance of this fact and new buildings and renovations to existing infrastructure are developed in such a way that access for people with disability are provided for. The municipality has recently formed a partnership with the Department of Social Development to develop focussed social development programs to up-scale representation of people with disabilities within our community as well as in municipal decision making processes. The municipality has also set specific targets in its Employment Equity Plan to appoint people with disability and also provide for people with disability in the EPWP projects that are currently being implemented in the different wards. A database of people with disability will be established which will also indicate their skills and competency levels.

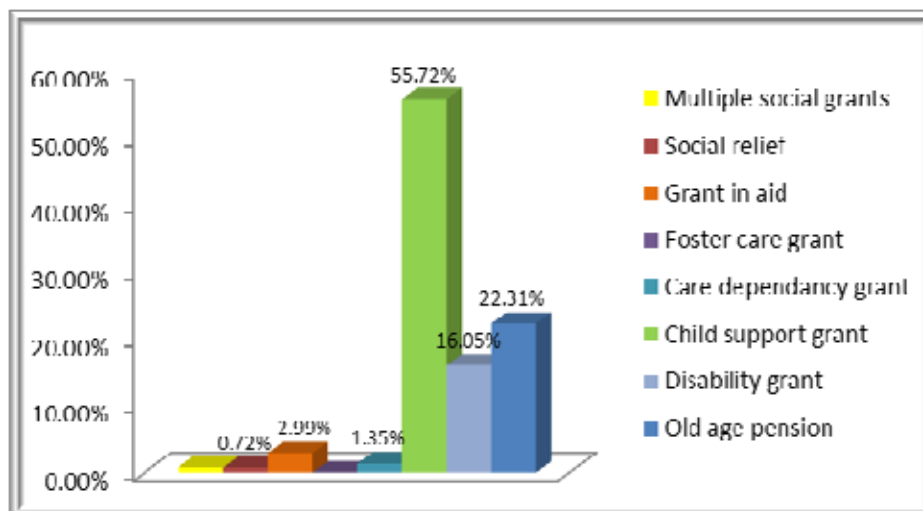
The aged

The elderly are often neglected in municipal planning, especially the poorer and more vulnerable who cannot afford decent home accommodation. While there are a number of facilities catering for the wealthier retirees and aged, the same cannot be said for the bottom-end of the market. The old age home in Hornlee is almost at capacity with limited support staff. There are no formal homes for the aged in the remote regions and Northern Areas of Knysna, which means that all elderly people are accommodated and transported to Hornlee. This situation is not sustainable and alternatives should be developed to ease the burden of overcrowding and the perpetuation of undignified human conditions.

The municipality will support and facilitate programs of the Department of Social Development to ensure the protection of the rights of the aged.

Social Grants

It is estimated that government provides social grants to over 15 million South Africans. These grants are allocated to the poorest of the poor, inter alia, the vulnerable groups, disabled, foster children and the old aged. The issuing of social grants is an attempt by the government to relieve the plight of the poor and marginalised. Although the social grants are a lifeline to recipients and families hovering on the brink of poverty, they do not enable recipients to break the cycle of poverty. The table below illustrates the distribution of social grants by category in the Knysna municipal area. Of the total 9 253 social grant beneficiaries in 2007, 55.7% of all social grant recipients receive the child support grant, followed by the old age pension grant (22.3%) and disability grant (16.1%).

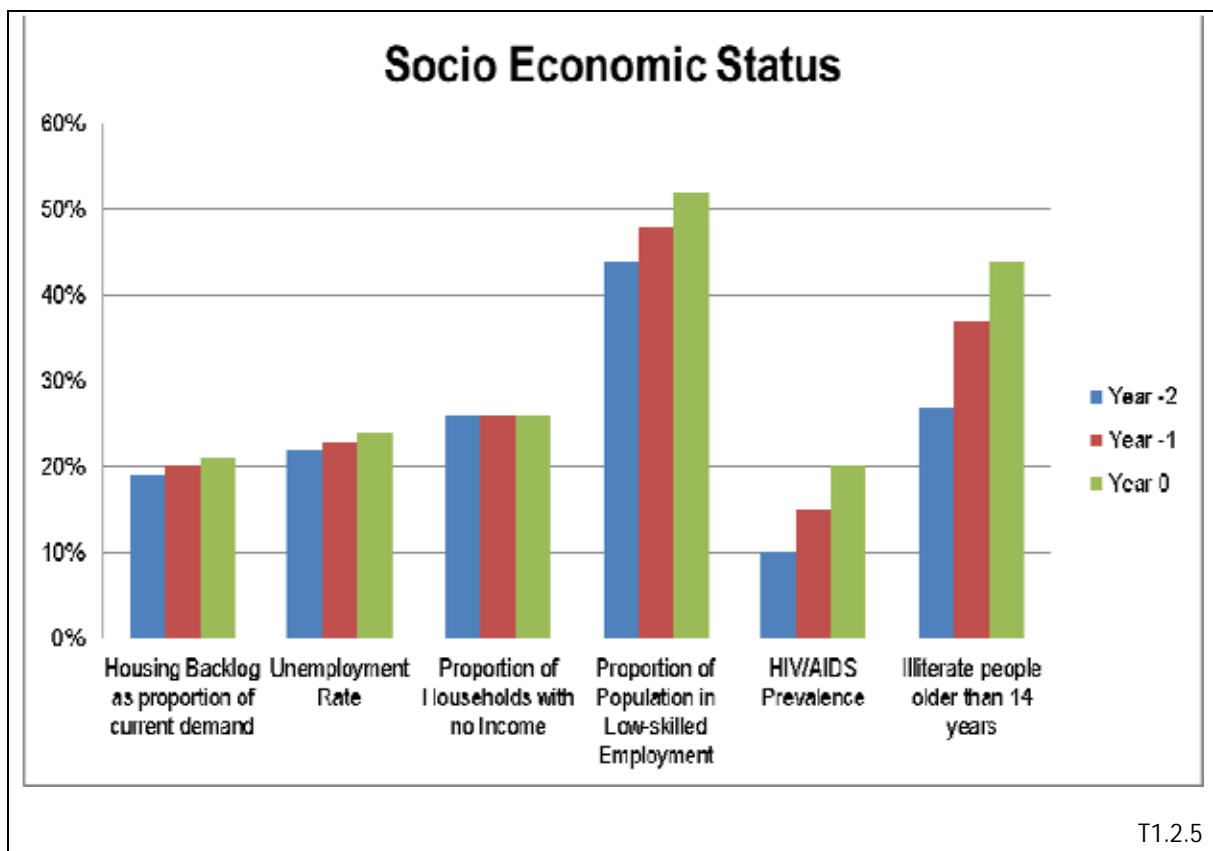


Source: Stats SA, Community Survey 2007¹

Figure 9: Social Grants

The above statistics illustrate that 14.8% (approximately 9 300 persons) of the population receive social grant support which also has an impact on the number of indigent households (households of which municipal services accounts are subsidised) in the municipal area. At time of producing this document Knysna had 6 583 registered indigent households which constitutes 16.5% of the total number of indigent households in the Eden District.

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%



Ward no	Areas
1	Sizamile-Smutsville; Rondevlei; Myoli Beach; Cola Beach; The Island; Hoogekraal
2	Sedgefield Town; Karatara; Farleigh; Kraaibosch; Fairview; Barrington, surrounding farm areas
3	Bracken Hill; Buffelsnek; Dam se Bos; Portion of Nekkie; Sanlam; Oupad(portion); Noetzie
4	Flenters; Wit Lokasie; portion Rhobololo, Bloemfontein; Greenfields; Qolweni; Upper Old Place
5	Rheenendal; Belvidere; Brenton-On-Sea; Eastford; Old Phantom Pass; Lake Brenton; Buffalo Bay; Bibbys Hoek; surrounding farm areas
6	Hornlee (Wing Street; Charlie Levack Street; Chapel Street; Fontein Street; Geelbekkloof Street; Davidson Street; Calender Street and Botha Street; Hlalani, Oupad (portion)) and Nekkie (portion)
7	Portion of Rhobololo; portion of Bongani; portion of Dam se Bos; Portion of Flenters; Portion of Khayaletu-Ngalo Street; Chungwa and Edameni; Khayaletu Valley; Emsobomvu including Ngalo Street
8	Fraaisig; Ethembeni; Joodsekamp; Concordia and Kanonkop; Rykmanshoogte; portion of Bongani;
9	Sunridge Hornlee (Swarthout Street; Alexander Street; Katrina Street and Heatherdale); Leisure Isle; Thesen Islands; The Heads; Sparrebosch/Pezula; Hunters Home
10	Town Central; Knysna Heights; Paradise; High Street; Graham Street; Thesen Hill; Unity Street; Lower Old Place; Bokmakierie Street; Heron Street

HOUSEHOLD INCOME FACTS:

- Household income is one of the most important determinants of welfare in a region. The ability to meet basic needs, such as for adequate food, clothing, shelter and basic amenities, is largely determined by the level of income earned by the households. Poverty is often defined as the lack of resources to meet such needs.
- An important indicator of poverty in a region is the number of households with an income below the Poverty Line.
- The percentage of households who earn no income has increased by 2% over a 10 year period.
- The low income group has increased by 10.6% in ten years which indicates there are more households earning less income who are usually socially dependent and require assistance from Government.

The middle income households have increased by 4.2% whilst the number of high income households has also increased by 6.4%. This is a positive indicator towards households who are economically active and contribute towards the local economy and tax base.

INCOME CATEGORY	PERCENTAGE DISTRIBUTION	
	2011	2001
No Income	16.4%	14.4%
R 1 - R 4800	3.3%	2.6%
R 4801 - R 9600	4.3%	12.1%
R 9601 - R 19 600	13.8%	19.3%
R 19 601 - R 38 200	18.8%	19.6%
R 38 201 - R 76 400	15.0%	14.4%
R 76 401 - R 153 800	11.1%	10.5%
R 153 801 - R 307 600	8.8%	5.0%
R 307 601 - R 614 400	5.6%	1.3%
R 614 001 - R 1 228 800	1.9%	0.5%
R 1 228 801 - R 2 457 600	0.6%	0.2%
R 2 457 601 or more	0.4%	0.1%

(Source: Stats SA Census data, 2011)

Land reform and rural development

Natural resources such as land and water are scarce resources in Knysna and they need to be used in a prudent and sustainable manner. The municipality has partnered with Department of Agriculture to roll out a Comprehensive Rural Development Programme (CRDP) in Karatara and Rheenendal. This will complement the existing Narysec programme of the Department of Rural Development and Land Reform that is already in existence in these two areas.

ENVIRONMENTAL MANAGEMENT

The vision of the Knysna Municipality is: *“Where people and nature prosper”* which underlines the commitment of the Council in ensuring that the conservation of our natural resources is of paramount importance. The municipality is fortunate to be located within a major national park, the Garden Route National Park which makes conservation much easier to achieve, even though the municipality is not directly involved in the daily management of the Knysna section of the park. Through the Outeniqua Sensitive Coastal Area Regulations, the municipality is able to ensure that conservation is achieved on a small scale level as it has to process applications for the removal of flora in certain listed areas. To this end, the municipality has developed a system which keeps track of all the listed and gazetted properties on a monthly basis.

Through continuous monitoring, updating of by-laws and municipal policies, the Department of Environmental Management is able to instil a culture of sustainable development which will ensure that the vision of Knysna Municipality is being realised. Eco-tourism is an essential element in the strategy to promote the Knysna region as a sought after tourist destination. Some of the major tourist attractions are the lagoon/estuary and the pockets of indigenous forest under protection which also serve as part of the industrial component of the economy of Knysna through the timber sector. Most economic sectors are still tied to the timber industry though the contribution has been diminishing over the years. There are many environmental goods that play a major role in the socio-economics of Knysna and it is in the interest of the municipality to conserve these resources for the continued sustenance of its inhabitants.

The major environmental challenges include risks from flooding and droughts, wild fires, poaching, landslides, rock falls, alien vegetation infestation, land degradation, water pollution, visual pollution and deforestation. Through collaboration with various stakeholders the municipality has a number of programmes and strategies that aim to reduce environmental risks, amongst them being:

- The Working for Water Programme,
- The Working on Fire Programme
- Estuary Pollution Management Plan.
- A Climate Adaptation Strategy is being developed to find tools to adapt to the challenges posed by climate change.

The associated map provides the best available scientific information regarding the biodiversity resources in Knysna Municipality that need to be retained in the long-term. This is to ensure the maintenance of healthy eco-systems which are fundamental to the wellbeing of people since nature provides human kind with food, clean water and many other tangible and intangible benefits, sometimes referred to as eco-system services.

The *Critical Biodiversity Areas* layer represents sites identified as Critical Biodiversity Areas (CBAs) through the systematic assessment conducted by the C.A.P.E. Fine-Scale Biodiversity Planning (FSP) project. Taken as a whole (terrestrial plus aquatic CBAs), these represent the sites required to meet biodiversity pattern targets and ecological process objectives. The *Critical Ecological Support Areas: Aquatic* layer represents aquatic sites identified as Critical Ecological Support Areas

(CESA's) through the systematic assessment conducted by the C.A.P.E. Fine-Scale Biodiversity Planning (FSP) project. CESA's include both the aquatic feature as well as the required buffer area surrounding the aquatic feature.

The *Other Natural Areas* layer represents all natural areas that have not been recognized as Critical Biodiversity Areas (aquatic and terrestrial), Ecological Support Areas (critical and other) or National Protected Areas but are also not considered to be irreversibly transformed (No Natural Remaining Areas). It can include natural, near natural or degraded lands (South African National Biodiversity Institute 2011).

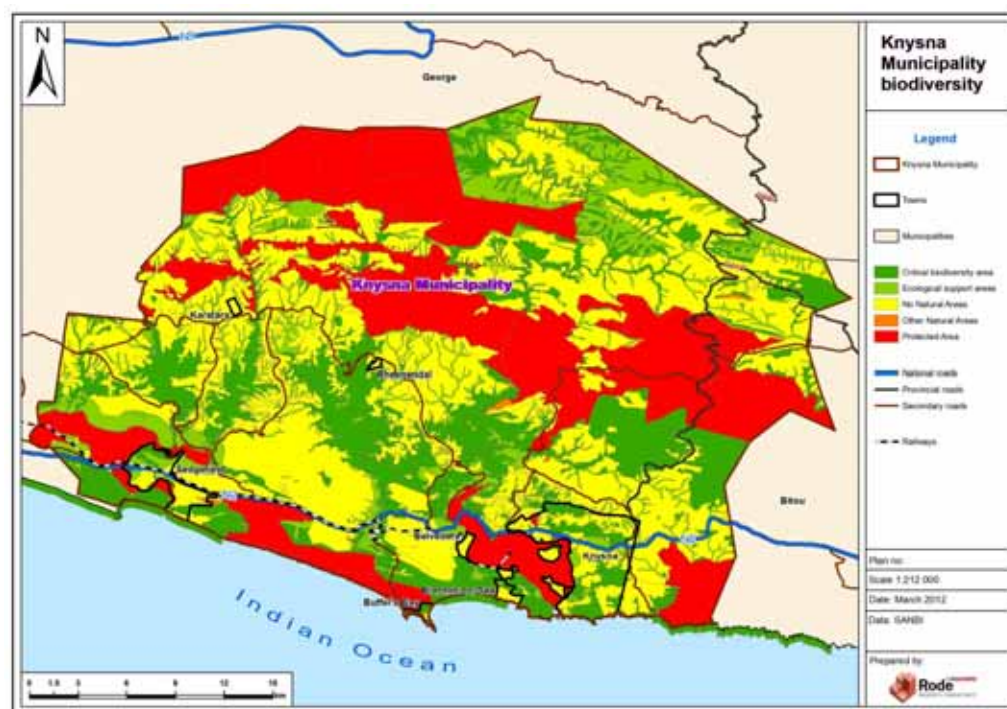


Figure 12: Biodiversity of Knysna Municipality

Impact of Pollution and Waste

Despite efforts to maintain the cleanliness of the town, particularly in close proximity to the estuary, forests, seashore and other conservation areas, it must be emphasized that any pollution within the urban area will ultimately impact upon the estuary as it is eventually carried along streams and storm water channels that terminate in the estuary. Similarly, the natural water courses, storm water channels and groundwater may be polluted from a number of human-induced factors. These can be summarized below:

- Informal settlement areas having limited or no access to adequate toilet and waste water disposal systems;
- Leaks and blockages in sewer infrastructure or sewer pipes are often in close proximity to storm water pipes;
- Private septic tank units leaking or not operating effectively;
- Operation failure and constraints at waste water treatment plants;
- Illicit disposal of chemicals in storm water system or natural watercourses; and

-
- Leaks and contamination from industrial and business activities.
 - Council is acutely aware of the danger posed by this issue and has taken steps to invest in the Waste Water Treatment Works and undertaken a diagnostic evaluation of the causes of the estuary pollution.

Impact of Climate Change

Climate Change is increasingly elevated as a boiling point and big focus point on the global agenda. The reason for this is that the world is very quickly experiencing the effect of this phenomenon on fundamental socio-economic indicators such as water, sanitation, food security, health, energy, industrial developments and human settlements. Knysna Municipality is no exception and it presents serious threats to the future of the town and its environs because of the sensitivity of the estuary to rising sea levels and the risk to development in low lying areas. Furthermore, changing rainfall patterns and extreme weather events have already had an impact on the town and environs in the past. Knysna has recently recovered from the worst drought on record requiring emergency augmentation and restriction measures to secure a supply of water for the growing population.

In the past five years floods have caused major damage to property and infrastructure and put lives at risk, most notable being the floods in Sedgefield which had a significant effect on financial and insurance arrangements of the affected households. Special attention to the susceptibility of Sedgefield is given in the Disaster Management Plan and a Joint Management Action Plan for the area has been developed by the authorities and community representatives.

The surrounding areas have also suffered major fires under hot and dry conditions. These issues not only affect the human population, but the endemic flora and the fauna are particularly susceptible to lasting changes in climate conditions. Over the long term this will lead to major loss of biodiversity. In Knysna some mitigation measures against the repercussions of climate change are already in place, ranging from restrictions to develop in areas at risk of flooding, and desalination equipment to secure a fresh water supply.

The consultants who will be developing an Integrated Strategic Development Framework (ISDF) will also include a comprehensive Climate Change Adaptation Strategy as part of their brief. This strategy will identify the potential impact which climate change will have on the different development opportunities and will ensure that Knysna Municipality will be adaptable to these likely impacts.

Air Quality

Knysna's geographic location in a basin means it is sensitive to air pollution as can be seen by the 'inversion layer' of fog which at times is present over the estuary and CBD. In the town's more industrial past the presence of timber factories producing smoke and soot may have reduced air quality. Nowadays there are fewer industries with such emissions are less and confined to the industrial area higher above the town and less likely to be 'trapped' within the basin.

An increase in traffic, particularly heavy vehicles, does mean more vehicular emission which has a negative air quality impact, however this is by no means unique to Knysna and the concern is limited relative to the number of vehicles in more populated areas. Some impoverished households within Knysna do still rely on open fires for heating and cooking which also

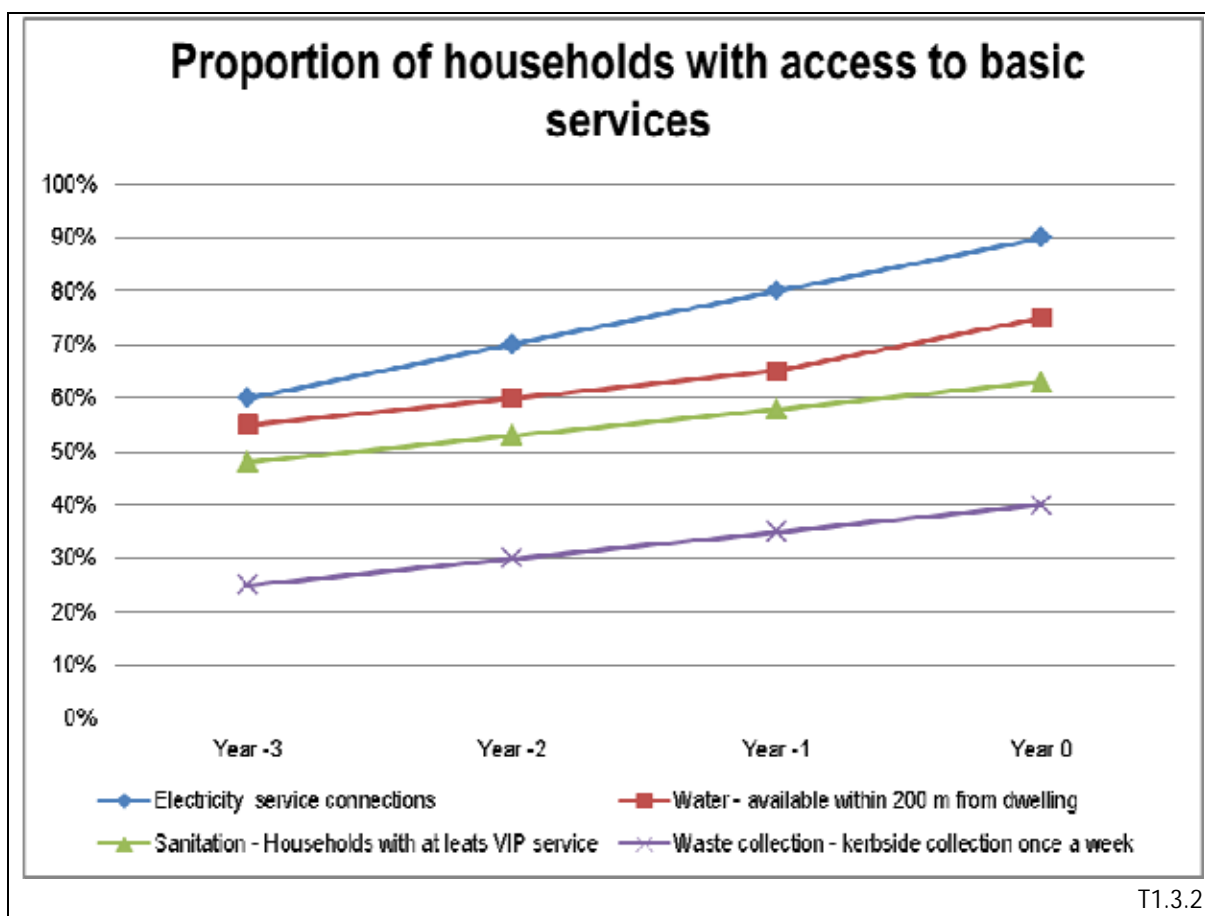
contributes towards atmospheric pollution even though it is on a very small scale. The hazardous safety and health risk is a bit greater because some residents actually light these fires inside their homes without adequate ventilation. Knysna Municipality participated in the development of a district-wide Air Quality Strategy with Eden District Municipality. This strategy is already in draft form and is currently available for public comment before it will be formally adopted in May 2013.

Environmental Degradation

The development pressures on sensitive land in town and surrounding areas ultimately may lead to environmental degradation. Amongst the most serious issues over and above those of pollution already mentioned are vegetation clearing and earthwork activities within areas identified for their rich biodiversity, and the impact of invasive alien species that are driving out endemic plant species and choking watercourses. The municipality constantly monitors and attempts to mitigate any clearing of conservation-worthy plants as with exposing of large areas of soils, excavation or infilling which presents erosion risks and silt being carried into the estuary. There are also a number of initiatives underway for the identification of areas highly impacted by invasive plant species and the managed control thereof.

1.3. SERVICE DELIVERY OVERVIEW

Proportion of Households with minimum level of Basic services				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	60%	70%	80%	90%
Water - available within 200 m from dwelling	55%	60%	65%	75%
Sanitation - Households with at least VIP service	48%	53%	58%	63%
Waste collection - kerbside collection once a week	25%	30%	35%	40%



Basic Services and Infrastructure

Human Settlements

There are approximately 21 893 formal and 4 303 informal households in the Greater Knysna Municipal Area and all the basic services are provided to these households. The fact that the total number of informal households has not changed much can be attributed to effective land management mechanisms that are vigorously enforced. The co-operation of the area committees is also of significant advantage in this regard. The provision of affordable housing units remains a high priority for the Council of Knysna Municipality in order to restore the dignity of poor people and provide them with proper shelter as enshrined in the Constitution of South Africa. The biggest challenge is that the demand for housing grows annually out of proportion in correlation with the funding resources that are available. The topography of the area also makes it difficult to install bulk services and infrastructure for housing development and the construction of top structures. Because of the hilly terrain especially in the Northern Areas of Knysna and the lack of alternative land it becomes very costly to deliver quality housing units for the subsidy amount available from government. That is why the Department of Human Settlements of Knysna Municipality had to develop innovative strategies and approaches to ensure that adequate quality houses are being built in the area.

Despite the aforementioned challenges, Knysna Municipality has earned a relatively good reputation for delivering successful human settlement projects and spending the allocation provided by provincial government. One Hundred percent (100%) of the DORA allocation for housing in the 2012/2013 financial year has already been spent and it is estimated that R46m will be allocated to Knysna Municipality for the 2013/2014 financial year. The Department of Human Settlements in the Western Cape has increased its allocation for housing delivery to Knysna Municipality from R42 m to R48 m in the 2012/13 financial year which makes it possible to increase the delivery of housing opportunities to more beneficiaries. The human settlement process also poses very lucrative economic opportunities for local people and businesses. The Department of Human Settlement in Knysna Municipality promotes local labour and local procurement through all its projects and has provided business opportunities to 26 local contractors to the value of R7 m and created approximately 600 direct employment opportunities in the 2012/2013 financial year.

Knysna Municipality has already delivered 3 500 Breaking New Ground (BNG) serviced sites and 1 800 housing units through the different BNG options available during the last 5 year IDP cycle. The upgrading of informal settlements is visible and one of the main characteristics is the high quality aesthetics of the BNG housing units that are being built in the area. Knysna Municipality has already distinguished itself as one of the high performance municipalities in the Western Cape in respect of housing delivery and the municipality makes the extra effort in terms of innovation despite the challenge it faces in terms of the scarce land resources.

Human Settlement projects implemented since 2010		Future Human Settlement projects planned	
Vision 2002 housing projects	Flenters, Robolo, Concordia, Bongani	Serviced sites for human settlement	Kruisfontein, Concordia, Oupad, Nekkie
Rectification of houses	Hornlee, Sedgefield, Rheenendal and Khayaletu	Human Settlement projects	Oupad, Nekkie, Concordia
Access to basic services	Wards 1, 4, 3, 6, 7 & 8	Rectification of houses	Hornlee, Rheenendal, Sedgefield
		Infill housing projects	Karatara, Rheenendal

The existing Human Settlement Plan of Knysna Municipality is currently under review which will also incorporate a comprehensive pipeline with all the prioritised human settlement projects. The review of the HSP will form an integral part of the ISDF process with an attempt to integrate the Human Settlement Plan with other strategic planning documents including the Economic Development Strategy, Spatial Development Framework (SDF) and the Strategic Environmental Assessment (SEA).

The following housing opportunities were successfully implemented between 2007 and 2012:

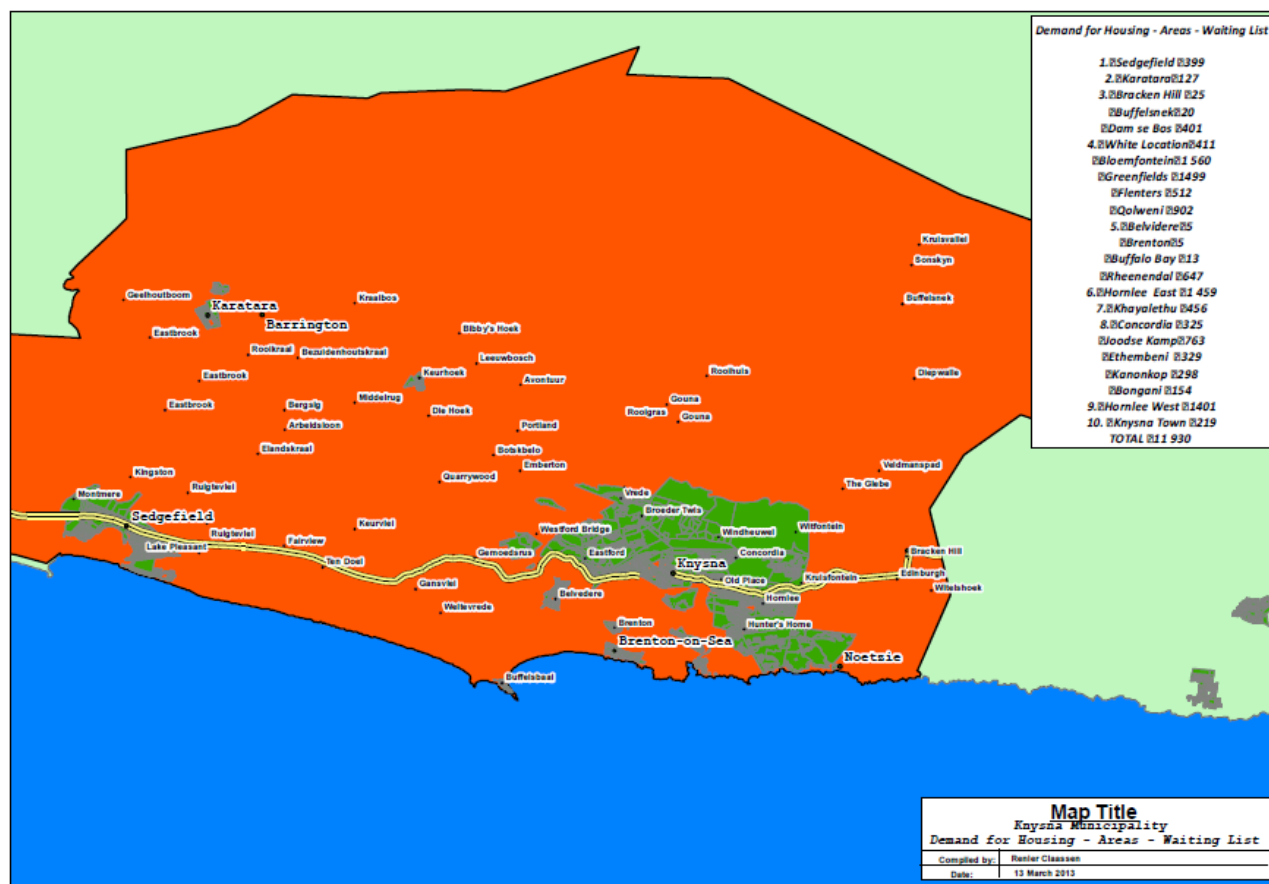
- Serviced Sites : 2 622
- Platforms : 1 765
- Retaining Walls : 1 765
- Foundations : 1 656
- Top Structures : 1 818

The abovementioned housing opportunities have however not made a significant dent in the housing waiting list simply because the focus has been on the upgrading of informal settlements as opposed to greenfields development. The reason for this focus is two-fold: to ensure the provision of basic services to all residents; and there is no suitable, affordable land for greenfields development. At the current delivery rate it will take over 20 years to service the total waiting list, based upon the delivery of about 500 units per annum. There has been a shift in housing policy to focus on the provision of serviced sites as opposed to top structures. While this will assist in increasing delivery of services to all, it will however increase the load on the used infrastructure exponentially.

The current waiting list for accommodation is 11 930 as per the National Housing Demand Database which also include the applicants currently staying in the 4 303 informal dwellings. The following developments will be rolled out in the next five years:

- Access to Basic Services : 4 303 informal dwellings
- Vision : 1 750 services and top structures
- Flenters : 248 top structures
- Rheenendal : 150 services and top structures
- Lapland, Rheenendal : 60 infill houses

The map below indicates the current residential areas of the applicants on the housing waiting list of Knysna Municipality:



Council is also planning to enter into a partnership with a private sector institution to develop about 2 300 housing units in the affordable to middle-income range and at least 400 subsidy units. This project is commonly referred to as Heidevallei and the planning process for this precinct development has already commenced which will have a significant impact on the housing demand in the area. Negotiations with potential developers are currently underway and once this process has been concluded the precinct development will gain momentum. The BNG housing development at the Heidevallei precinct will certainly proceed irrespective who the developer will be. This development provides Knysna Municipality an opportunity to investigate a range of housing models to accommodate a broad spectrum in the years to come.

Bulk services and infrastructure have to be upgraded in Rheenendal, Karatara, and Sedgefield in order for the Municipality to proceed with any project in these areas. Furthermore, the availability of land for housing purposes is a great challenge. Council is in negotiations with National Government for additional land for housing purposes. Council will also seek other development options during the IDP period to maximize the housing opportunities and densification will form part of these options. The full range of BNG programs will be implemented and the Integrated Human Settlement Plan will capture more detail with regard to these options. An integrated approach to housing will have an enormous impact on the resources as well as the planning towards the successful implementation of one of the top IDP priorities in most wards. Council will need to

vigorously pursue this complex issue of housing within complicated technical, social, political, environmental and financial constraints. A housing indaba with all relevant stakeholders will be hosted in the next financial year as part of the review of the Human Settlement Plan to explore all the housing delivery options available.

Provision of Water

Knysna Municipality is an accredited Water Services Authority in terms of the National Water Act (Act 36 of 1998) and provides potable water to all the towns and settlements in its area of jurisdiction. It provides a comprehensive water provision service from source to tap since none of the water functions are currently being outsourced. Knysna Municipality has a total number of ten water schemes under its area of jurisdiction and applies innovative technologies which include from osmosis, boreholes and surface water schemes. These systems ensure a high quality of drinking water to all residents. Water is supplied to all formal households, businesses, neighbouring farms and 4 303 households in the informal settlements currently receive water via communal standpipes. The quality of the drinking water supply in the Greater Knysna Municipal Area is tested weekly by the Eden District Municipality and the quality is constantly above the national norms. Council has received Blue Drop Status for the Karatara Water Treatment Works and continuously strives to improve on water quality.

Households are still the main user of water in the area, followed by the industrial sector and lastly agriculture. Household usage normally peaks in the holiday season during December – February when the holiday houses are 100% occupied. The table below illustrates the water usage per sector for the past financial years:

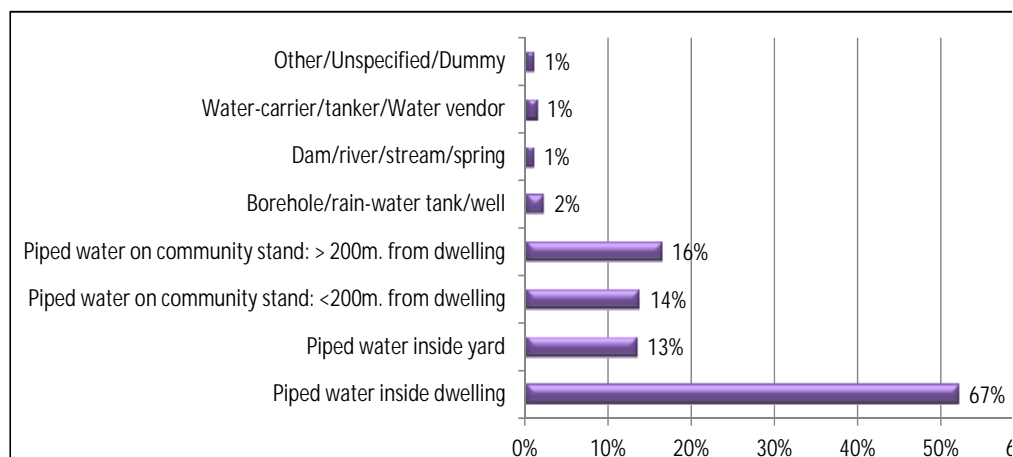
Date	Agriculture	Forestry	Industrial	Domestic	Unaccountable Water Losses
2010/11	5 540	0	513 162	2 647 627	702 235
2011/12	5 651	0	464 988	3 022 145	587 567
2012/13	2 592	0	298 132	1 801 100	519 076

Table 19: Water usage per sector

Knysna Municipality faces numerous challenges in terms of sustainable provision of water which put significant pressure on the limited water resources available. Some of those challenges include the drought that hit the area a couple of years ago as well as continuous water losses. Over the past years the water supply available has been limited at times and it was deemed necessary to implement water demand management initiatives to ensure a sustainable supply of water for the future. Two of these initiatives were the implementation of water restrictions in both Sedgefield and Knysna, and special water tariffs dependent upon levels of consumption. The implementation of a water demand strategy for Knysna Municipality resulted in a significant improvement in water losses from 18.2% in the 2010/2011 financial year to 14.4% in 2011/2012. Other technical solutions for the water situation included the Sedgefield desalination plant, which is able to deliver an additional 1, 5 mega-litres of water, and a reverse osmosis plant in Knysna.

The latest census 2011 report indicates that 67% of households are estimated to have piped water inside their dwellings which is a significant improvement on the 52% recorded in 2001. It is concerning that 16% of households still had piped water

on a community stand more than 200m from their home. The Census 2011 report also indicated that 14% of households had piped water on a community stand less than 200m from their home, while 13% had access to piped water inside their yard.



Source: Stats SA Census data, 2011

Figure 10: Water provision infrastructure

Sanitation

To give effect to the strategic objective of Knysna Municipality to provide infrastructure for basic services and ensure a safe and healthy environment, Council has made considerable investment in its infrastructure development programme. That is why good sanitation services exist in the municipal area where the majority of the residential areas have waterborne sanitation. However, some areas still rely on septic tanks, notably Leisure Island and Sedgefield. The servicing of septic tanks becomes increasingly demanding during the peak holiday season when most of the holiday homes are occupied and require more frequent emptying. The municipality does have adequate capacity and resources available to cope with such demand. More than 67 % of households in the urban area had access to flush toilets, flush septic tanks or chemical toilets in 2011. This figure can certainly improve to eradicate the backlogs and provide equal access to basic sanitation services to all households in the GKMA if more funding can be secured from national & provincial government in this regard.

Knysna Municipality participated in a national programme to eradicate the bucket system and effectively eradicated this system from all formal households in 2008. The Knysna Municipality rolls out a number of Access to Basic Services programmes with a strong focus on sanitation facilities in the informal settlements where formal houses will be built in future.

Description	2010/11	2011/12
	Actual	Actual
Household		
<u>Sanitation/sewerage:</u> (above minimum level)		
Flush toilet (connected to sewerage)	13 977	14 687
Flush toilet (with septic tank)	2 466	2 466
Chemical toilet	0	0

Description	2010/11	2011/12
	Actual	Actual
Household		
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	0	0
<i>Minimum Service Level and Above Sub-total</i>	16 443	17 147
<i>Minimum Service Level and Above Percentage</i>	94.4	94.4
<i>Sanitation/sewerage: (below minimum level)</i>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	973	4303
<i>Below Minimum Service Level Sub-total</i>	973	4303
<i>Below Minimum Service Level Percentage</i>	5.6	5.6
Total number of households	17 416	21 893

During November 2011, the provincial Department of Human Settlements, in collaboration with the Municipality, compiled an Informal Settlement Database in terms of access to basic services which included water & sanitation. A survey was conducted to identify informal settlements where the minimum requirements of 5 households per sanitation facility and 25 families per water tap were not met, and a budget to remedy this situation was allocated accordingly.

Knysna Municipality places a high priority on sanitation services and one of the Municipality's greatest challenges regarding sanitation is to expand the infrastructure to meet future development requirements. The Council realises that the achievement of its strategic objectives relies heavily on the establishment of proper infrastructure for basic service delivery and the maintenance thereof. None of the existing seven waste water treatment works in the GKMA has Green Drop Status and the municipality is continuously improving on its efforts to achieve Green Drop Status for its major systems. The functioning of the Knysna works is of critical concern given its proximity to the estuary and the aged infrastructure. A major upgrade and refurbishment of the Knysna Waste Water Treatment works is underway and will result in additional capacity to the currently overloaded sewerage works. This will certainly unlock business development potential, attract investment to the area and facilitate the implementation of residential development. A proper final effluent quality control programme is functional to minimise the risk of pollution of the estuary and ground water sources. The outflow from the plant is monitored by the Eden District Municipality, and this monitoring includes monitoring several sites in the Knysna estuary.

Roads

One of the main characteristics of Knysna Municipality is that the N2 run through the two major economic centres which are Knysna and Sedgefield. This obviously has its advantages and disadvantages. From an economic perspective it serves as a main artery of economic stimulation to the area. This positions Knysna strategically as the gateway to the Eastern Cape as well as the Western Cape. It does however increase the volume of traffic significantly resulting in more regular maintenance to be undertaken on this road. A by-pass has been proposed as an alternative route to relieve the traffic congestions experienced particularly during the holiday season in Knysna and Sedgefield. SANRAL indicated that the Knysna N2 by-pass environmental impact assessment is completed and is now awaiting the ROD from the Department of Environmental Affairs in Pretoria.

All the other towns and settlements in the municipal area are connected by fairly good quality roads. This improves the connectivity between the towns and the neighbouring municipalities. The condition of roads in the Greater Knysna Municipal Area has deteriorated rapidly over the past few years due to aging of the infrastructure, increase in traffic volumes, lack of funding for maintenance and the impact of floods which have occurred over the past few years. Knysna Municipality has 240 km of tarred road, of which 74% of are in a good condition, 19% in a fair condition and 7% in a poor condition. The municipality does have a dedicated programme in place to upgrade the roads in poor condition with the limited resources available and is constantly maintaining the good roads with the annual reseal programme. The municipality also has to maintain approximately 70km of gravel roads within its area of jurisdiction. It is estimated that these gravel roads would only be upgraded within the next 30 years if an annual budget allocation of R6 m per annum were to be made available over this period of time.

Many roads in the informal settlements such as Dam se Bos, Edameni, Hlalani, Sizamile, and Ethembeni are poor and relatively inaccessible, especially for medical and rescue services. A significant roads upgrading project in Dam se Bos was undertaken in this financial year and it made a major impact in terms of the mobility for that particular community. The Municipality has made provision for resealing, graveling and rehabilitation of roads in some of the more seriously affected areas, but these efforts are greatly hampered by budgetary constraints.

Electricity

The provision of sustainable and affordable electrical services is one of the corner stones of any vibrant economy and Knysna Municipality is no exception. Currently the municipality has adequate capacity to deliver bulk electricity services for any current or future residential or commercial developments in the area. A constraint to the attraction future developments and investment is the affordability of electricity which might compromise the economic viability of intended development projects. ESKOM has applied to the National Energy Regulator of South Africa (NERSA) for a 16% increase annually for a period of 5 years. Fortunately NERSA considered the devastating effect it would have had on business in general and ordinary households and has approved an 8% tariff increase for the first year. The electricity tariffs of Knysna Municipality are not the highest in the Western Cape Province and the free basic electricity only applies to electrification grant funded households. The major users of electricity are domestic users followed by business that are currently at 30% of total usage. This consequently can mainly be attributed to the decline in the local economy. The gross average per unit cost of electricity for Knysna is 113c/kWh compared to Swellendam at 128c/kWh, Hessaqwa at 129c/kWh, Bitou at 109c/kWh.

A minimum requirement for the electrification of residential areas is that formal planned township development must have taken place particularly in informal settlements. The municipality receives its funding for electrification projects from the national Department of Energy and subsequently integrated planning between the Electro-technical Department of Knysna Municipality and other departments is crucial when development projects are being implemented to ensure that adequate funding is secured for the provision of electricity for such projects. The lead time for any funding applications to the Department of Energy is approximately two years and that is why ESKOM and the Electro-technical Department of the municipality have to be involved in any planned developments to submit funding applications for electricity provision timeously.

Electricity is one of the major income generators for the municipality. Electricity and street lighting are provided to all formal households and electricity and street or high mast lights to most informal areas in the Greater Knysna region. 86% of households in Knysna Municipality have electricity available for lighting, while 9% used paraffin. Some areas do experience power outages (both planned and unplanned) but the frequency thereof is not outside of acceptable norms. The areas mostly affected by unplanned outages are the rural areas where overhead line systems are exposed to storms and lightning, as well as birds flying into lines and monkeys climbing up the electricity poles. ESKOM has also recently announced that load shedding might hit the country again because of limited capacity and technical difficulties experienced at its major power stations.

The mushrooming of informal settlements in areas such as Hlalani, Oupad, Edameni, Ethembeni, Gaatjie, Sizamile and Nekkie creates the continuous need for additional electrification capacity. The municipality has planned the following to address these needs:

- The municipality submitted formal applications to increase the intake at the Knysna Eastford and at the Sedgefield substations.
- Council also budgeted for counter funding for the electrification of a number of informal areas which are incorporated into designated township layouts. The bulk of this funding for this reticulation is from the Department of Energy.
- The Department has also committed to providing funds for the upgrading of the bulk infrastructure in the Northern Areas which are currently at capacity.

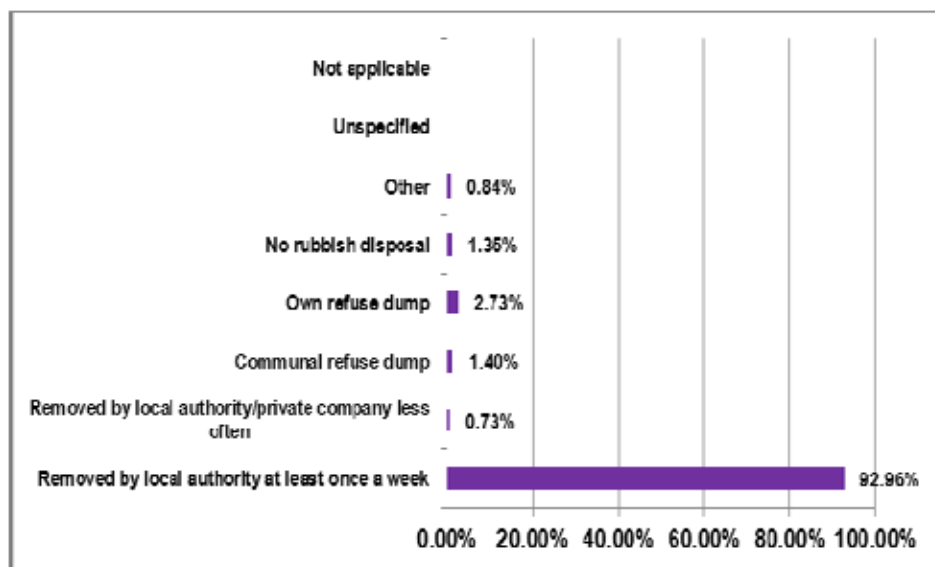
For a number of years Council had to apply strict conditions to land use and development applications due to the electricity consumption for the GKMA being at capacity. ESKOM is currently upgrading the line between Blanco, George and Bitou and also building a new 132 kV overhead line to Knysna which will free up considerable electricity capacity beyond 2014. Another challenge for Knysna Municipality is the loss of electricity due to a number of factors. Electricity distribution losses increased from 6.87% in 2010/2011 financial year to 8.72% in 2011/2012 and effective interventions need to be instituted to minimise such losses.

The Council is investigating Waste to Energy opportunities in conjunction with the District Municipality. Council has also appointed service providers to roll-out water geysers to the impoverished areas and 150 installations were completed in the previous financial year. The project had to be suspended because ESKOM and Department of Energy are currently reviewing their funding model in this regard.

Refuse removal

Knysna Municipality renders a very effective refuse removal service to the majority of households in the Greater Knysna Municipal Area. In 2012 an overall 93% of households in Knysna Municipality were estimated to have their household refuse removed at least once a week by the municipality. If only the formal households are taken into account this figure goes up to 100%. This is a core function of the municipality but in some instances, particularly the Northern Areas in Knysna this service has been outsourced to emerging businesses which contributes towards the Economic Development programme of the municipality. The refuse is transferred to a landfill site outside of Knysna at Petro SA, near Mossel Bay, which complies with the national dumping site requirements. This particular landfill site is near its capacity and still has an estimated lifespan until 2014. The Eden District Municipality is in the process of establishing a new regional landfill site adjacent to Petro SA in Mossel Bay.

The Municipality has identified two sites in Knysna and Sedgefield respectively to be accredited as garden and builder's waste dumping sites. The statutory processes are currently underway and approval is being awaited from the provincial Department of Environmental Affairs and Development Planning in this regard.



Source: Stats SA Census data, 2011

Figure 11: Refuse removal

Certain farmers in the area however prefer to do their own waste management that complies with waste management legislation. SANParks and the Department of Agriculture, Fishery and Forestry also make use of private service providers for refuse removal.

Sport and Recreation

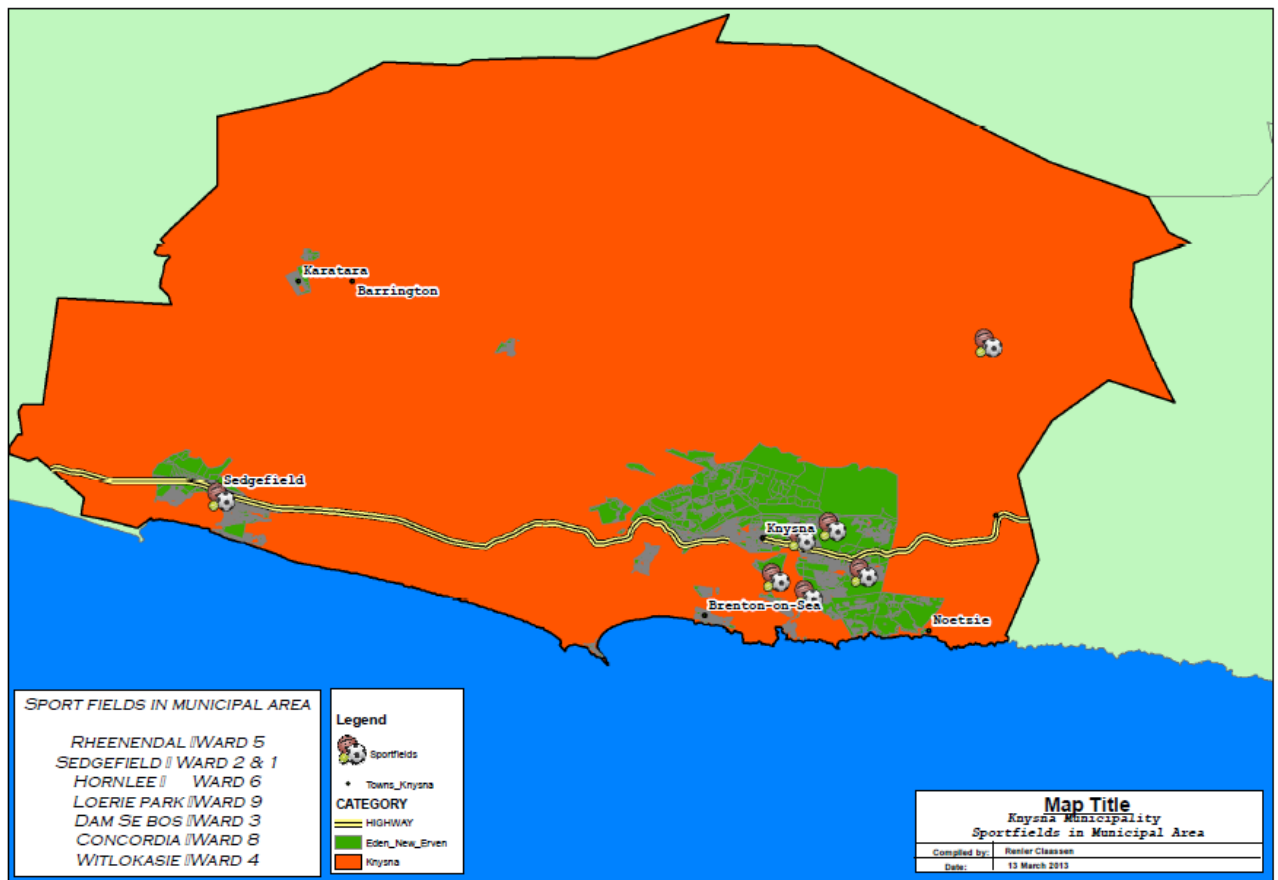
The people in the Greater Knysna Municipal Area are very passionate about sport in general and the discussion of this topic was particularly prevalent during the public participation process of the IDP review where communities in nearly all wards demonstrated clearly the high priority they put on sport facilities and sport development programmes. There are a number of sport facilities in the GKMA which accommodate a number of sport codes and some are better developed and equipped than others. The better developed sport facilities such as Loerie Park and Hornlee sport grounds are located in the town of Knysna whilst smaller facilities are also located in Sedgfield, Rhenendal and Karatara. The upgrading of sport facilities remains a major challenge for Knysna Municipality simply because it has to compete with other pressing priorities during the budgeting process. At this point in time the main focus is on maintaining existing facilities from the MIG funding available rather than upgrading or development of new facilities.

Most of the schools in the Northern Areas and rural areas have very basic sport facilities such as a levelled area for soccer, netball and athletics. Despite contributions made by the Danish Ambassador and French International Football Association to upgrade sport fields in Bongani, Tembelitsha and Dam se Bos a lot still needs to be done to improve the quality of these facilities. The first phase of upgrading at Dam se Bos has been completed and the second phase will be undertaken in the next financial year as part of the 2010 FIFA World Cup legacy partnership agreement. The upgrading of the sport field at White Location in Knysna will be incorporated in the multi-purpose centre development planned for this area. The map below indicates the location of the different sport facilities in the GKMA:

A sport summit will be held in due course with stakeholders from all the different sport codes operating in the Greater Knysna Municipal Area. The objectives of the intended sport summit are:

- To establish a functional sport forum with representation from all different sport codes
- To develop a sport development plan for the area
- To conduct a comprehensive audit of all the sport facilities
- Prioritisation of sport facilities to be upgraded
- Facilitate the implementation of sport development programmes

The Directorate: Community Services in partnership with the provincial Department of Cultural Affairs & Sport (DECAS) is embarking on a capacity building programme to empower sport clubs in various sport codes in management and financial administration as well as first aid training.



Parks and Recreation Facilities

The following well-maintained parks and recreational areas are available in the GKMA.

Sport facilities	Play Parks	Libraries	Community Halls
Rheenendal (2)	Sedgefield (2)	Knysna Town Library	Honlee Community Hall
Sedgefield (2)	Karatara	Sedgefield Town Library	Chris Hani Hall (Dam se Bos)
Hornlee	Wit Lokasie	Rheenendal Library	Khayaletu Hall
Loeriepark	Khayaletu	Leisure Isle Library	Knysna Town Hall
Dam se Bos	Dam se Bos	Karatara Library	Brenton Hall
Bongani	Hornlee (2)	Masifunde Library (Concordia)	Rheenendal Community Hall
Wit Lokasie	Cathy's Park	Rudolf Bali (Concordia)	Karatara Community Hall
		Khayaletu Library	Smutsville Community Hall
		Hornlee Library	Sedgefield Town Hall
		Smutsville Library	Cearn Hall (Leisure Isle)

Table 20: Location of parks and recreational facilities

Facilities such as libraries, community halls, play-grounds dams and picnic areas form the core of the recreational and social facilities and are regarded as sufficient for current use in most wards. The Knysna Town library will be expanded with financial assistance from the Municipal Infrastructure Grant. Circulation figures in all the libraries are consistently increasing and, given that this service is operated on an agency agreement with the Provincial Government; strategic consideration will be required for any further expansion of the library service. The municipality also utilises the wheelle wagon library service effectively to reach out to remote rural areas.

MIG funding has been secured to investigate the establishment of three multi-purpose centres as part of the Thusong programme of the provincial Department of Local Government. A preliminary feasibility study has been done on potential sites identified in wards 1 (Sedgefield), 4 (White Location) and 5 (Rheenendal). The outcomes of this preliminary feasibility study will determine the way forward in terms of the implementation of the Thusong programme. The roll-out of these centres is dependent upon Council's ability to meet the MIG matching funding requirements.

1.4. FINANCIAL HEALTH OVERVIEW

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	106 696	122 823	124 841
Taxes, Levies and tariffs	388 764	391 625	381 272
Other	29 269	33 125	45 290
Sub Total	524 729	547 573	551 403
Less: Expenditure	489 599	502 898	493 709
Net Total*	35 130	44 675	57 694
* Note: surplus/(deficit)			T 1.4.2

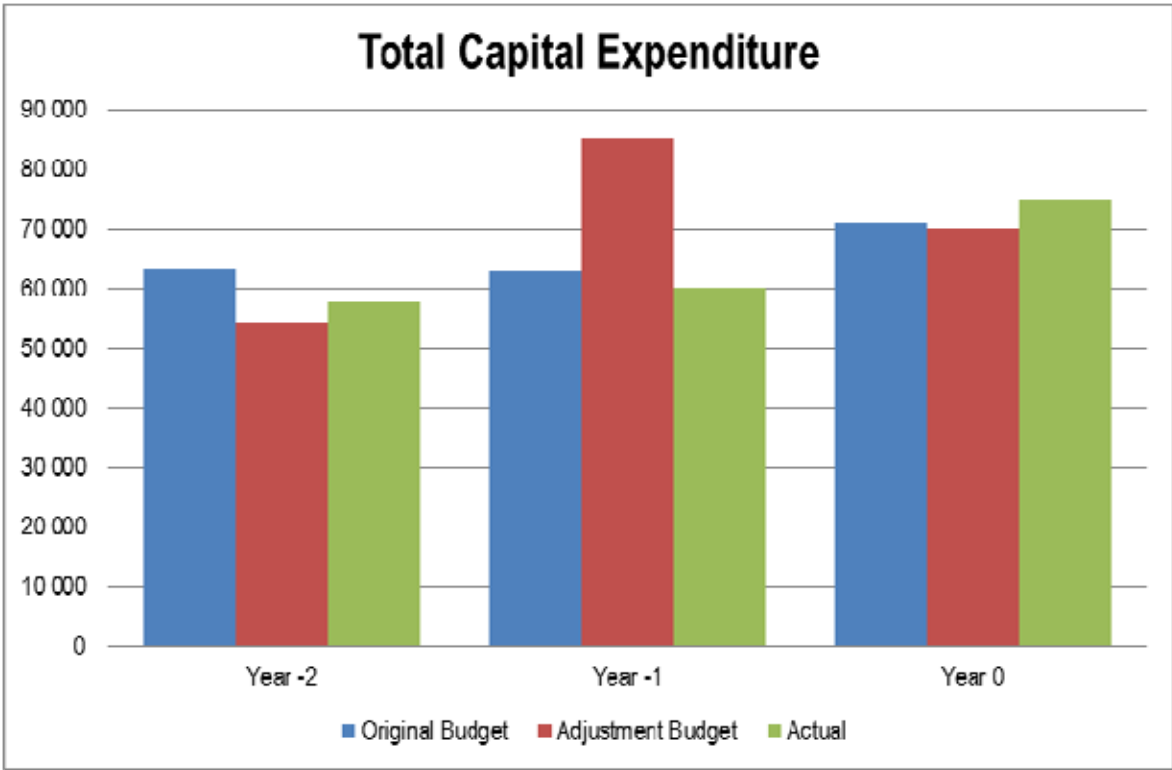
Operating Ratios	
Detail	%
Employee Cost	31%
Repairs & Maintenance	5%
Finance Charges & Impairment	3%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

Delete Directive note once comment is complete - Explain variances from expected norms: 'Employee Costs' expected to be approximately 30% to total operating cost; 'Repairs and maintenance' 20%; Finance Charges and Impairment 10%.

T1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	63 139	63 011	71 083
Adjustment Budget	54 242	85 240	70 130
Actual	57 765	60 318	75 133
T 1.4.4			



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Knysna Municipality has embarked on a number of projects and programmes to improve its performance. Its organizational structure is reviewed annually to ensure that it remains relevant to the strategic objectives of the municipality as reflected in the Integrated Development Plan.

The municipality has just started with a comprehensive organizational structural review which will approximately take about 12 months. It is envisaged that the review will be completed by the end of 2014. The organizational structure review will ensure that the municipality continues to deliver on its constitutional mandate.

The organisational performance at organisational level is managed and evaluated through the Service Delivery and Budget Implementation Plan (SDBIP) top level, down to directorate and departmental levels through a more detailed SDBIP.

More than 90% of the municipality's job descriptions were evaluated; those not yet evaluated are in the process of being evaluated.

The National Treasury has identified officials in municipalities who must have the prescribed minimum competency qualifications. This is aimed at ensuring sound financial management in the local government sector. Thirteen of the officials required to have minimum competencies have completed the programme. Those who have not yet completed are busy with, it is envisaged that they will meet the deadline to qualify.

1.6. AUDITOR GENERAL REPORT

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE KNYSNA MUNICIPALITY

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Knysna Municipality set out on pages 9 to 91, which comprise the consolidated and separate statements of financial position as at 30 June 2013, the consolidated and separate statements of financial performance, the consolidated and separate statements of changes in net assets, the consolidated and separate statement of comparison of budget and actual amounts and the consolidated and separate cash flow statements for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and

separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Knysna Municipality as at 30 June 2013, and their financial performance, budget comparison and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. As disclosed in note 51.01 to the consolidated financial statements, the municipality is the defendant in an action instituted for damages and claims against the municipality for R2 030 750 plus interest of 15,5% per annum from 6 March 2004, bringing the total claim to R4 965 406. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the consolidated financial statements.

Material losses/impairments

9. As disclosed in note 42.6 to the financial statements, the municipality incurred material distribution losses during the year. The details are as follows:
 - Water: 806 mega litres, equalling 18,4% of purified water and amounting to R8 203 919 (2011-12: 14,4%)
 - Electricity: 19 993 mega watts, equalling 10,9% of units purchased and amounting to R16 654 660 (2011-12: 8,7%)
10. As disclosed in note 18 to the consolidated financial statements the municipality had receivables from exchange transactions totalling R59 263 889 at 30 June 2013 (2011-12: R82 919 481). A provision for impairment of R22 683 402 (2011-12: R46 219 799) was raised against receivables from exchange transactions. Furthermore, during the year the municipality wrote-off as irrecoverable receivables from exchange transactions amounting to R36 191 000.

-
11. As disclosed in note 19 to the consolidated financial statements the municipality had receivables from non-exchange transactions totalling R48 984 584 at 30 June 2013 (2011-12: R39 664 974). A provision for impairment of R18 366 226 (2010-11: R13 599 409) was raised against receivables from non-exchange transactions.

Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material inconsistencies in other information included in the annual report

13. The complete draft annual report has not yet been received at the date of this report. As a result, it has not yet been reviewed for any inconsistency with the consolidated financial statements. The final printer's proof of the annual report will be reviewed and any material inconsistencies identified will be communicated to management. Should the inconsistencies identified not be corrected, it may result in the matter being included in the audit report.

Unaudited supplementary schedules

14. The supplementary information set out on pages 92 to 93 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

Knysna Municipality

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 117 to 138 of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matters

19. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below.

Achievement of planned targets

20. Of the total number of 50 targets planned for the year, 14 targets were not achieved during the year under review.

This represents 28% of total planned targets that were not achieved during the year under review. This was as a result of the municipality not considering relevant systems and evidential requirements during the annual strategic planning process.

Material adjustments to the annual performance report

21. Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management.

Amaraka Investments No. 64 (Pty) Ltd, trading as Knysna Economic Development Agency

22. There were no matters to report in respect of performance against predetermined objectives as the entity was not operational during the year under review. The council is in the process of deregistering the entity.

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

Knysna Municipality

24. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Amaraka Investments No. 64 (Pty) Ltd, trading as Knysna Economic Development Agency

25. There were no matters to report in respect of performance against predetermined objectives as the entity was not operational during the year under review.

Internal control

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations.
27. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Investigations

28. As disclosed in note 48.04 to the financial statements, four staff members of the Knysna Traffic Department were suspended from duty. The suspension emanated from a forensic investigation into the certification of vehicles for roadworthiness at the vehicle testing centre of the Knysna Municipality. The investigation has been completed and the vehicle testing centre has been closed indefinitely.
29. During the year internal audit conducted an investigation into allegation of procurement irregularities relating to a tender awarded in the prior year. The investigation was completed and the municipality is in the process of taking measures to address the findings raised.



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Cape Town

11 December 2013

Report of the Audit Committee:

On the Consolidated Annual Financial Statements for 2012/2013 and the Response to the Report of the Auditor-General.

Introduction

Apart from being required to assist Council in discharging its oversight role and to advise Council, its political office bearers, councillors, management and staff on various matters, the Audit Committee is especially mandated by the MFMA and the Audit Committee Charter to:

- 1) Review the Municipality's annual financial statements in order to provide Council with an authoritative and credible view of the financial position of the Municipality, its efficiency and effectiveness and its overall level of compliance with the MFMA and other applicable legislation; and
- 2) Respond to Council on any issues raised by the Auditor-General(A-G)in his audit report.

In our report we will once again deal with these two matters in the reverse order.

Responses to issues raised in the Auditor-General's Report for 2012/2013

Audit Opinion of the Auditor - General

The Municipality, and particularly the Municipal Manager, her staff and the Finance Directorate are to be congratulated on receiving a clean audit report for the first time and one year ahead of schedule. During the previous five years the municipality received unqualified audit reports, which in itself is very praiseworthy. A clean audit is very basically and unqualified audit report without any material misstatements found and/or corrected during the audit process. The achievement of a clean audit report a year ahead of target is extremely pleasing in the light of the continuing process of adapting to changes and additions to the GRAP System of accounting, and the financial directorate's staffing constraints.

Predetermined Objectives

The Auditor-General reports that of the total number of 50 Targets planned for the year, 14 or 28% were not achieved. The Auditor-General states that this was as a result of the municipality not considering relevant systems and evidential requirements during the annual strategic planning process. The report adds that material adjustments in the annual performance report were identified during the audit, all of which were corrected by management.

Oversight Responsibilities

Certain monitoring controls to ensure the reliability of financial information, adherence to the applicable laws and regulations and the achievement of performance targets were not yet fully implemented. Although these were not considered material they require management's attention if the current high standard is to be maintained.

Financial and Performance Management

The A-G states that there were certain instances where the controls were not operating efficiently. These are mainly control lapses relating to routine procedures. The report also says that the municipality has not implemented adequate procedures to ensure compliance with applicable laws and regulations. This has resulted in a number of non-compliance issues identified during the audit.

IT Systems

The A-G once again reported that adequate controls have not been designed and implemented to manage user access.

Procure and Contract Management

Supply chain management regulation 44 prohibits awards to suppliers if they are in the service of the state. Eleven awards were found to have been made to officials of other state institutions. In most of these cases service providers did not declare their interest.

Service Delivery Matters

Targets for the provision of basic water and sanitation to households for both the 2011/2012 and 2012/2013 financial years were not achieved.

Council has approved a policy on road infrastructure but the policy has not been implemented.

These matters must be addressed so that they are not reported again in the current financial year.

Review of the Municipality's Financial Position: Efficiency and Effectiveness

Knysna, and the rest of the country for that matter, are still in an economic stagnation. The prices of coastal properties are weak and very little construction is taking place. Tourism is depressed as locals have little money for holidays and our main trading partner, Europe, shows no signs of emerging from recession. There are many properties, residential and commercial, for sale and/or vacant and many businesses have closed down.

The increases in electricity tariffs charged by Eskom have led to a drop in unit sales by the municipality to local consumers and at the same time the percentage electricity losses have increased from 8.7% in 2011/2012 to 10.9% in the past financial year. This has meant that there has been less profit from the sale of electricity, which in turn has adversely affected service delivery funding.

Because of the recession Knysna's tax base has narrowed, with an even greater dependency on domestic ratepayers, a large number of whom are retirees with limited means. The long period of low interest rates means less income for them and therefore less spending power. The downturn in the non-domestic sector is on-going while the influx of poor people continues. There is therefore no possibility of above inflation increases in property taxes in the near future. The ability of the municipality's debtors to pay their accounts is still under pressure although the debt impairment has decreased from R24 million in 2011/2012 to R20 million in the year under review. All this means that the municipality has less funds from its own sources to fund service delivery than it would like. As the National Government revenues are also under great pressure there is no possibility of significant additional funding from this source.

In this report we have adjusted last year's figures in the statement of financial performance by ignoring fair value adjustments and impairment losses, other than debt impairment (provision for bad debts) to arrive at a "normalised surplus". Council and its officials were unable to influence the figures arrived at by independent valuers which are not cash related and for this reason it was omitted from the calculations.

Revenue

Revenue has increased from R506 million in 2011/2012 to R 551 million in 2012/2013, an increase of R45 million or 8.9%. This increase exceeds inflation and although less than last year's increase of 13% is still an achievement under the prevailing conditions. This year's property taxes increased by R 14.6 million and electricity tariffs by R11.9 million. Government grants and subsidies were up by R 4.9 million and represented 22.6% of total revenue compared to 23.6% in the previous year. The increase in grants was basically due to an increase of R 6.4 million in the Municipal Infrastructure Grant, an increase of R 4 million in the Equitable Share and a decrease of R 7 million in the Neighbourhood Development Partnership Grant. The

Equitable Share grant of R 30.8 million (compared to R 26.9 million in 2011/2012) which represents the municipalities share of the national revenue made up 5.6% of total income compared to 5.3% in 2011/2012. This grant is supposed to cover the cost of services to indigent members of the community but is never enough to cover these expenses.

The gross profit from the sale of electricity fell to 29.2% from 33.1% in 2011/2012. This is well below the national norm and reflects the municipality's decision once again not to pass on the entire Eskom increase to consumers.

Expenditure

Employee related costs increased by 8.7% and as a percentage of total expenditure increased from 29.5% in 2011/2012 to 30.8% in 2012/2013. This is still below the national norm and indicates the number of vacant positions.

The cost of repairs and maintenance as a percentage of total expenditure decreased slightly to 4.6% from 4.7% in 2011/2012. The national average is around 7%. The assets of the municipality, particularly those relating to infrastructure, are old and require a lot of maintenance if they are to be kept in an operating condition. Council needs to give urgent attention to this matter in the new financial year.

We emphasize once again that it is essential that all services should be properly "costed" so that each department knows the cost of the service that it delivers. In this way, appropriate policy decisions can be taken.

Receivables

Total net receivables (after the provision for doubtful debts had been taken into account) increased to R 67 million from R 63 million in the previous year. Gross receivables outstanding for over 90 days however decreased from R 78 million in 2011/2012 to R 61 million 2012/2013, a decrease of 22%. The provision for bad and doubtful debts as at the end of 2012/2013 was R 41 million, compared with R 60 million in 2011/2012, a decrease of nearly one third or 31.4%. Debt collection measures will have to improve further if these levels are to be maintained in the current depressed economy.

Liabilities

The current ratio which measures current assets against current liabilities has decreased once again, this year from 1.37 in 2011/2012 to 1.25 in 2012/2013. This ratio indicates the municipality's ability to use its near cash assets to pay its current liabilities when they become due. The norm for this ratio is 1.75. The fact that the ratio has again decreased indicates a potential liquidity problem. The quick ratio which measures the ratio of current assets, excluding receivables and inventory, has also decreased from 0.64 in 2011/2012 to 0.53 this year. The norm in this case is 1.

These ratios which are very important to creditors, particularly long term creditors, indicate that the financial health of the Municipality has worsened since last year.

Cash

The free cash, that is the cash and cash equivalents less the unspent conditional grants and deposits pledged to the Development Bank of South Africa, decreased from R47.5million in 2011/2012 to R36.7 million in 2012/2013. This means that the municipality's liquid position must continue to receive serious attention.

Compliance, Efficiency and Effectiveness

As far as compliance, in relation to fiscal matters, with the provisions of the Municipal Finance Management Act (MFMA) and other legislation is concerned, the municipality continues to do reasonably well, particularly when compared with many other municipalities. This is borne out by the Auditor-General's "Clean Audit Report".

However, the shortcomings related to predetermined objectives, oversight responsibility, financial- and performance management and other issues referred to in the section dealing with the A-G's report require attention. These matters need urgent attention if we want to sustain the audit result for the 2013/2014 financial year.

Conclusion and Recommendations

While Knysna Municipality is recognised as one of the better-run medium-sized municipalities in the country and much has been achieved, particularly this financial year, there is no room for complacency. The Municipal Manager and her team are fully in control of all municipal affairs and this must remain and even strengthen, particularly in view of the difficult economic climate which shows no signs of improvement.

For some time we have been saying that Knysna faces many challenges and without any material increase in funding from National Government, the municipal leadership will have to provide strong guidance in order to meet these challenges.

We believe the following steps should be taken:

- The appointment of properly qualified, dedicated and experienced people to fill in the vacant positions, particularly in the Finance Directorate;
- Consolidating the Municipality's financial position in the short and medium term by curtailing unnecessary expenditure, making optimal use of available resources and concentrating on the core functions of local governments; and
- The preparation of a long term plan clearly defining the kind of town all the residents would like to have in the future, how the town will be able to remain sustainable and the future developments and maintenance required to meet the long term needs of the town.

We recommend that Council

1. Note and consider the Audit-General's report and the Audit Committee's report thereon and take appropriate and timeous action in regard to the matters raised therein;
2. Approve the Municipality's Audited Financial Statements for 2012-2013; and
3. Direct its Municipal Public Accounts Committee to review the A-G's Report and the Audit Committee's Report and draw up proposed action at its next meeting for consideration by Council arising out these reports.

We express our thanks to the Municipal Manager and her staff, the Municipality's senior management and staff who have given us their co-operation throughout the year. Our thanks also are due to Council's political office bearers and Councillors, the Auditor-General's staff and Internal Auditors for their co-operation during the past year.

N.METELERKAMP (CHAIRMAN)
E BOUW-SPIES
V GUNGUBELE
J STOFFELS
Knysna

6 January 2014

1.7. STATUTORY ANNUAL REPORT PROCESS

According to legislation the Annual Report of a municipality must be tabled in the municipal council on or before 31 January each year. In order to enhance Councils oversight function the municipality should submit their Annual Reports as soon as possible after the financial year end ideally this ought to be the end of August. For the first time both the draft Annual Financial Statements and the Annual Performance Report were submitted to Council by the end of August together they form the bulk of the Annual Report. Management is currently developing processes and systems in order to ensure that the remaining sections be in place for the 2013/2014 Annual Report process. It is expected that the entire process should be concluded by the end of December.

The anticipated process for the creation, submission, review and approval of the 2012/2013 Annual Report ² is set out in the table below.

No.	Activity	Year	Timeframe
	Consideration and approval of the 2014/2015 financial year's Budget and IDP process plan.	2014/2015	July 2013
	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	2013/2014	
	Finalise and submit the fourth Quarterly Budget Statement for 2012/2013 including preliminary summarised performance information.	2012/2013	
	Auditor General officially commences external audit process	2012/2013	August 2013
	Audit/Performance Committee considers draft Annual Performance Report	2012/2013	
	Audit Committee considers draft Annual Financial Statements	2012/2013	
	In-year report of the Municipality Monthly Budget Statement for July 2013	2013/2014	
	Chief Financial Officer tables to Council the unaudited Annual Financial Statements	2012/2013	
	Municipal Manager tables to Council the unaudited Annual Performance Report	2012/2013	
	Municipality submits draft Annual Financial Statements to the Auditor General	2012/2013	
	Municipality submits draft Annual Performance Report to the Auditor General	2012/2013	
	In-year report of the Municipality Monthly Budget Statement for August 2013	2013/2014	September 2013
	Submit to the Auditor General supplementary information to be included in Annual Report for audit purposes.	2012/2013	
	In-year report of the Municipality Monthly Budget Statement for September 2013	2013/2014	October 2013
	Finalise and submit the first Quarterly Budget Statement for 2013/2014 including preliminary summarised performance information.	2013/2014	
	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	2012/2013	
	Auditor General to issue draft management letter	2012/2013	
	In-year report of the Municipality Monthly Budget Statement for October 2013	2013/2014	November 2013
	Municipalities receive and start to address the Auditor General's comments contained in the draft management letter	2012/2013	

² Note that the annual performance report and the annual financial statements form part of an Annual Report

No.	Activity	Year	Timeframe
	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	2012/2013	
	Audited Annual Report is made public and representation is invited	2012/2013	
	Municipal Public Accounts Committee (MPAC) assesses Annual Report	2012/2013	
	In-year report of the Municipality Monthly Budget Statement for November 2013	2013/2014	December 2013
	Council adopts Oversight report	2012/2013	
	Oversight report is made public	2012/2013	
	Oversight report is submitted to relevant legislated institutions	2012/2013	
	In-year report of the Municipality Monthly Budget Statement for December 2013	2013/2014	January 2014
	Finalise and submit the Mid-year Budget and Performance Assessment for 2013/2014 including preliminary summarised performance information.	2013/2014	
	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	2014/2015	
	In-year report of the Municipality Monthly Budget Statement for January 2014	2013/2014	February 2014
	In-year report of the Municipality Monthly Budget Statement for February 2014	2013/2014	March 2014
	In-year report of the Municipality Monthly Budget Statement for March 2014	2013/2014	April 2014
	Finalise and submit the third Quarterly Budget Statement for 2013/2014 including preliminary summarised performance information.	2013/2014	
	In-year report of the Municipality Monthly Budget Statement for April 2014	2013/2014	May 2014
	In-year report of the Municipality Monthly Budget Statement for May 2014	2013/2014	June 2014

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

Knysna Municipality is a category B municipality and has an Executive Mayoral system. The purpose of this chapter is to discuss the governance structure and to put the institutional structure required to deliver on the objectives in the IDP, into perspective.

Municipal Council

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. The council's role is to debate issues publicly and to facilitate political debate and discussion. The council plays a very active role in the operations of the Municipality. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

The Council of the Knysna Municipality comprises of 19 elected Councillors, made up from 10 Ward Councillors and 9 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorises the Councillors within their specific political parties and wards:

Name of Councillor	Capacity	Political Party	Ward/Proportional
Georlene Wolmarans	Executive Mayor	DA	Proportional Representative
Esmé Edge	Executive Deputy Mayor Member of Mayoral Committee: Finance	DA	Proportional Representative
Richard Dawson	Member of Mayoral Committee: Governance & Economic Development Committee	DA	Ward 10
Magdalena Williams	Member of Mayoral Committee: Community Services Committee	DA	Ward 5
Louisa Hart	Member of Mayoral Committee: Planning and Development & Infrastructure Committee	DA	Ward 2
Michelle Wasserman	Speaker	DA	Ward 9
Irene Grootboom	Ward Councillor	DA	Ward 1
Migiel Lizwani	Ward Councillor	ANC	Ward 3

Name of Councillor	Capacity	Political Party	Ward/Proportional
Wiseman Litoli	Ward Councillor	ANC	Ward 4
Clive Witbooi	Ward Councillor	ANC	Ward 6
Mertle Gombo	Ward Councillor	ANC	Ward 7
Ntombizanele Sopeki	Ward Councillor	Independent	Ward 8
Beauty Tyokolo	Proportional Councillor	DA	Proportional Representative
Doris Nayler	Proportional Councillor	DA	Proportional Representative
Elrick van Aswegen	Proportional Councillor	COPE	Proportional Representative
Ray Barrel	Proportional Councillor	DA	Proportional Representative
Mithobeli Dyantyi	Proportional Councillor	ANC	Proportional Representative
Phumla Nkam	Proportional Councillor	ANC	Proportional Representative
Steven De Vries	Proportional Councillor	ANC	Proportional Representative

Table 9: Composition of Council

The Executive Mayoral Committee



Cllr Georlene Wolmarans
EXECUTIVE MAYOR



Cllr Esme Edge
Deputy Executive Mayor



Cllr Magdalena Williams
Mayoral Committee



Cllr Richard Dawson
Mayoral Committee



Cllr Louisa Hart
Mayoral Committee

Figure 5: Executive Mayor and Members of the Mayoral Committee

Knysna Municipality has established four portfolio committees in terms of section 80 of the Municipal Structures Act (Act 17 of 1998). The Portfolios assigned to the members of the Mayoral Committee are as follows:

Name of member	Capacity
Georlene Wolmarans	Executive Mayor
Esmé Edge	Deputy Executive Mayor (Chairperson: Finance Committee)
Richard Dawson	Member of Mayoral Committee (Chairperson: Governance & Economic Development Committee)
Magdalena Williams	Member of Mayoral Committee (Chairperson: Community Services Committee)
Louisa Hart	Member of Mayoral Committee (Chairperson: Planning and Development & Infrastructure Committee)

Table 10: Mayoral Committee

The primary responsibility of the portfolio committees is to exercise oversight over the executive arm of the municipality's governance structure. These committees monitor the delivery and outputs of the executive and may request directorates to account for the outputs of their functions. The fulltime Councillors account for executive decisions and operations performed in terms of the general policy framework agreed to by Council and although the portfolio committees play an oversight role, they have limited decision-making powers. These committees are responsible for submitting their reports to the Mayoral Committee.

Roles and responsibilities of political structures

The roles and responsibilities of the political structures and political office bearers are stipulated in section 53 of the Municipal Systems Act. The roles of the Council, Executive Mayoral Committee and the Executive Mayor are summarised in the table below:

Council	Executive Mayor	Mayoral Committee
<ul style="list-style-type: none"> • Governs by making and administering laws, raising taxes and taking decisions that affect people's rights. • Is a tax authority that may raise property taxes and service levies 	<ul style="list-style-type: none"> • Is the executive and political leader of the Municipality and is in this capacity supported by the mayoral committee. • Is the social and ceremonial head of the Municipality • Must identify the needs of the Municipality and must evaluate progress against key 	<ul style="list-style-type: none"> • Its members are appointed by the Executive Mayor from the ranks of Councillors, with the exception of the Deputy Executive Mayor who is elected by the council and is an ex officio member of the mayoral committee.

Council	Executive Mayor	Mayoral Committee
	performance indicators.	
<ul style="list-style-type: none"> • Is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political office bearers. • Individual councillors or officials; can delegate responsibilities and duties for the purposes of fast and effective decision making. • Must strive towards the constitutional objects of local government. • Must consult the community with respect to local government matters. • Is the only decision maker on non-delegated matters such as the approval of the IDP and budget. 	<ul style="list-style-type: none"> • Is the defender of the public's right to be heard • Has many responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters. • Performs the duties and exercises the responsibilities delegated to her by the council. 	<ul style="list-style-type: none"> • Its functional responsibility is linked to that of the Executive Mayor to the extent that she must operate together with the members of the mayoral committee. • Its primary task is to assist the Executive Mayor in the execution of her powers – it is in fact an extension of the office of Executive Mayor. • The committee has no powers on its own, decision making remains that of the Executive Mayor.

Table 11: Roles and responsibilities of political structures

2.2 ADMINISTRATIVE GOVERNANCE

Executive management structure

The administration component of Knysna Municipality is headed by the Municipal Manager, who has 5 Directors who report directly to her in terms of Section 56 of the MSA. The Electro-technical Engineer and the Manager: Performance, Internal Audit and Risk Management also report directly to the Municipal Manager.

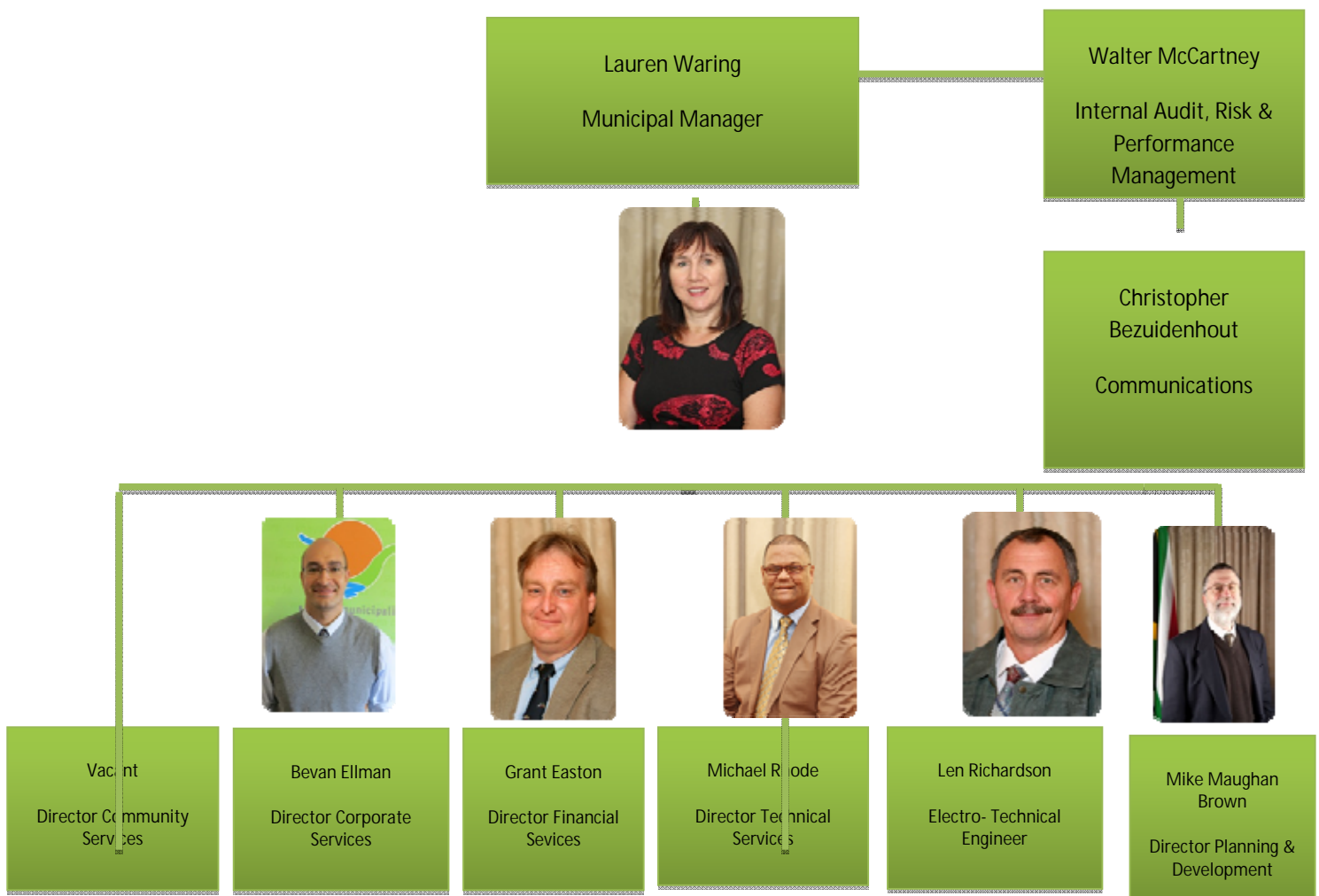


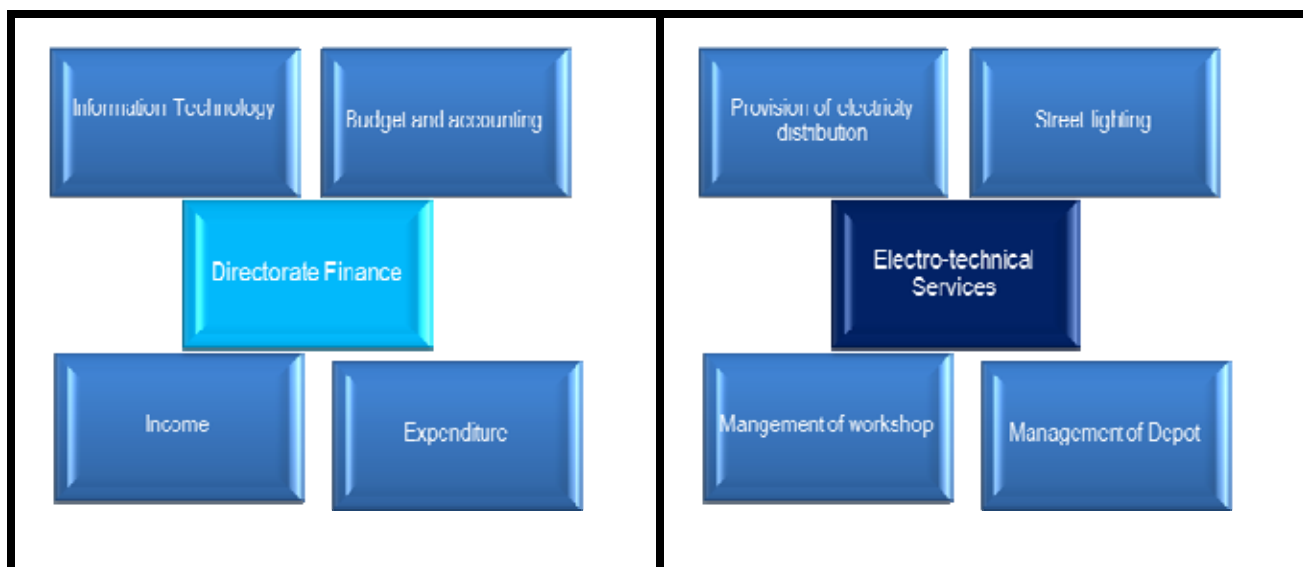
Figure 6: Top Management Structure

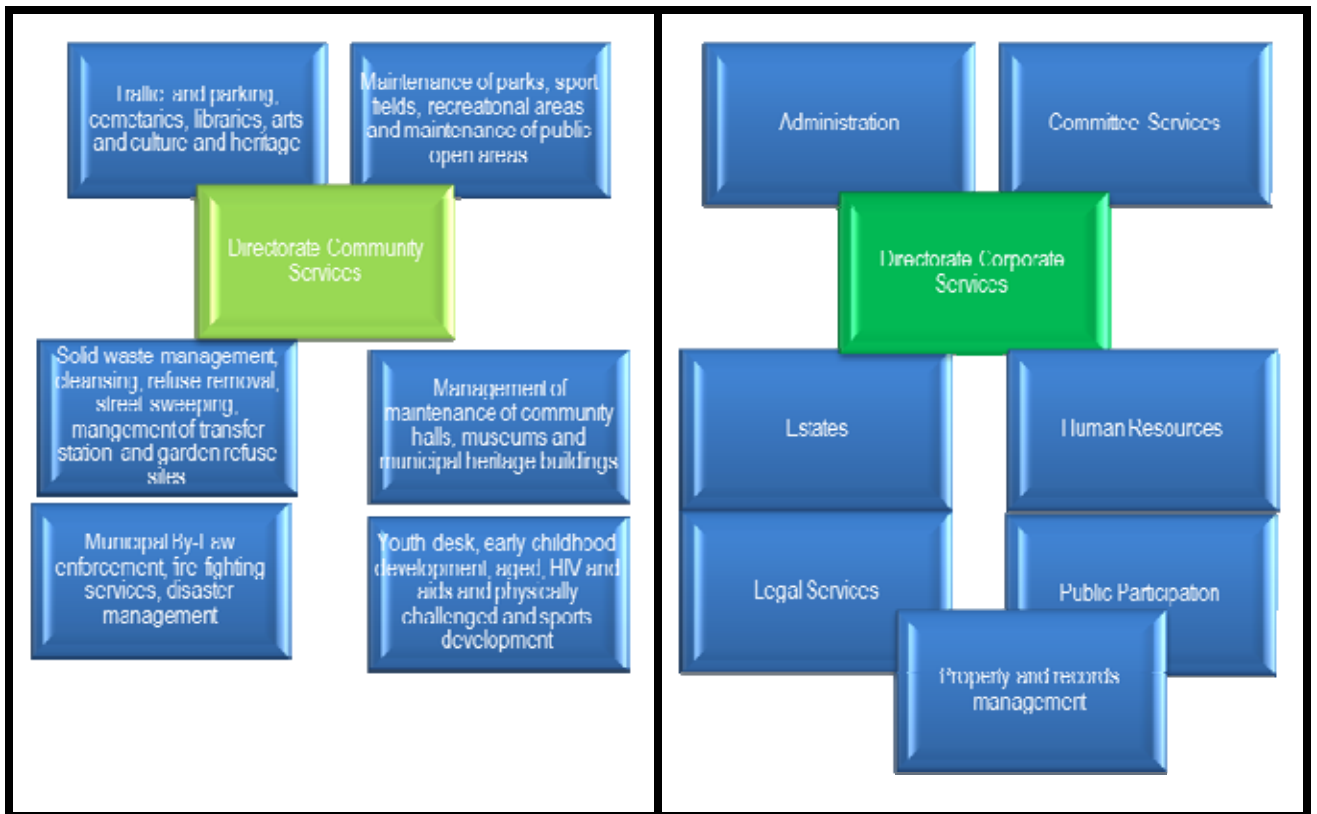
The municipal manager as head of the administration is responsible and accountable for tasks and functions as provided for in Section 55 of the MSA, other functions as provided for in legislation as well as functions delegated to her by the Executive Mayor and Council. She is supported by a team of five directors appointed in terms of the s56 of the MSA. The Office of the Municipal Manager consists of:

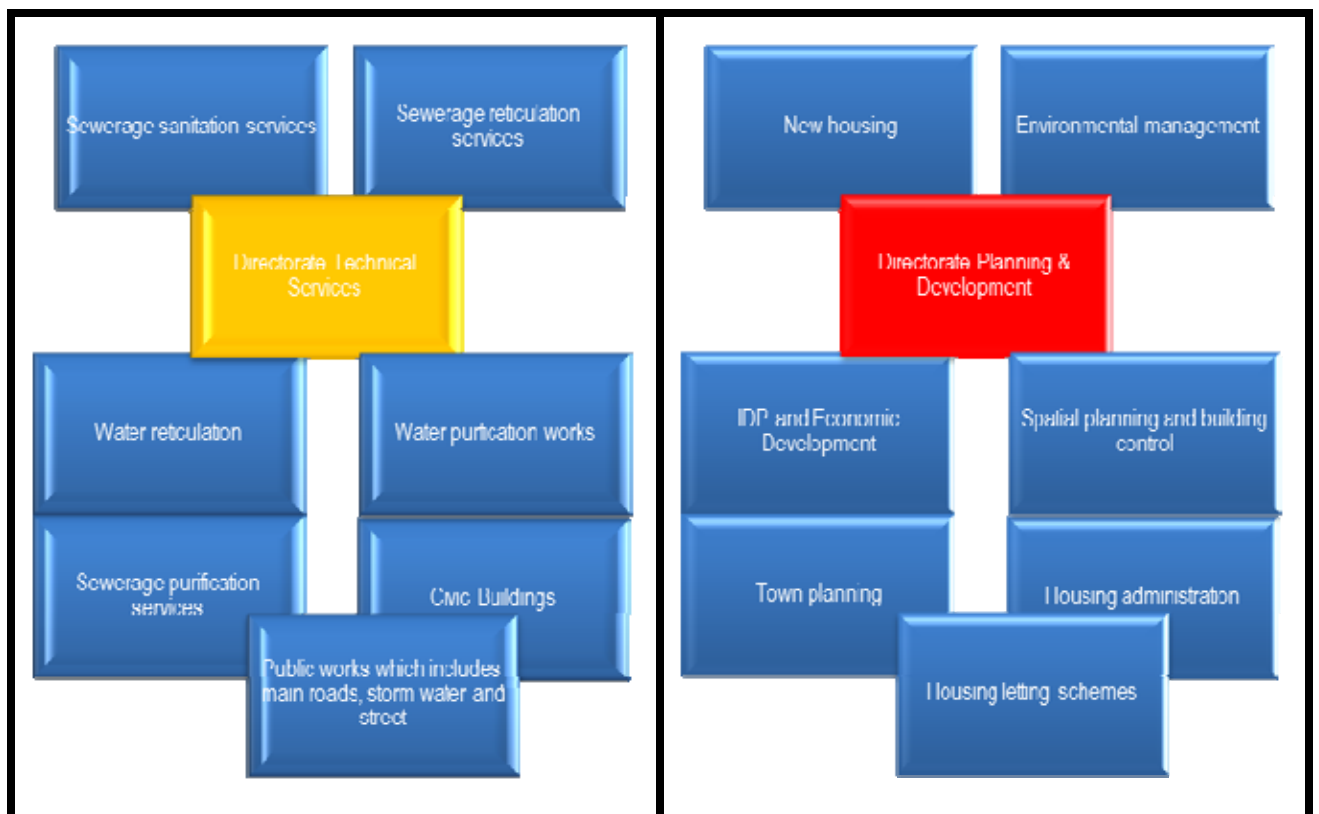
- the Municipal Manager;
- Internal Audit and Risk Management;
- Performance Management; and
- Communication and Customer Relations

Departmental Functions

Figure 7: Functions per Directorate







COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The Municipality has the right to govern on its own the affairs of the local community, subject to national and provincial legislation. Municipalities must co-operate with other spheres of government in a manner which fosters friendly relations, consult and be supportive on matter of common interest, adhere to agreed procedures and avoid legal proceedings against each other.

The Municipality has for this year assist sector departments with their public participation processes and also helped with the management of the Community Development Workers deployed in our municipal area. The Municipality has resolved to transfer the clinic buildings in our area to the Department of Public Works and also resolved to make land available for the building of two schools in the northern areas of the town.

National Intergovernmental Structures

-
- SALGA National Assembly
 - Municipal Managers National Forum
 - Waste Management Officers' Khoro of the Department of Environmental Affairs (DEA)

Provincial Intergovernmental Structures

The following meetings were attended to progress issues of mutual interest with neighboring municipalities, provincial government and national government to address policy and practice matters:

- Premier's Coordinating forum
- Municipal Governance Review and Outlook (MGRO)
- Ministerial Mayors Forum (Min May)
- MinMay Tech
- SALGA working groups
- Municipal Managers Forum
- Chief Finance Officers Forum
- Provincial and district IDP managers forums
- Provincial Technical Forum
- Disaster Management Forum
- Municipal Planning Heads Forum
- Climate Change Adaptation Work Group
- Chief Risk Officers Forum
- Chief Audit Executive Forum
- Predetermined Objective Forum
- PS7 Provincial Climate Change Forum

District Intergovernmental Structures

On a district level the seven local authorities have established:

- District Coordinating Forum
- District MM Forum
- Eden District Public Transport Forum
- Human Resources Forum
- Legal Advisors Forum
- District Coordinating Forum
- Eden Integrated Waste Management Forum
- Environmental Management Forum
- Eden Communication Forum
- District IDP Managers Forum
- ICT Managers Forum
- Chief Finance officers
- Garden Route Initiative
- Supply Chain Management Forum
- South Cape Development Forum
- Municipal Risk Management Forum
- Local Economic Development Forum
- HIV Aids Forum
- Chief Audit Executive Forum
- Eden District Coastal Management Committee
- Eden District Expanded Public Works Programme

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

KEY PURPOSES OF WARD COMMITTEES

- To enhance Ward Participatory Democracy and Accountability
- Assist Municipal in service delivery improvement
- Assist in civil education
- Participate in the process of developing, reviewing and implementation of the Budget and IDP of Knysna Municipality

MAJOR ISSUES /HIGHLIGHTS

- Ward Committees were involved in the follow up Provincial training
- Ward Committees were instrumental in assisting Ward Councilors in Ward report back meetings.
- Ward Committees were crucial in monitoring Government projects in the different wards.
- Ward Committees played a major role in the finalization of the top 8 priorities defined in the IDP.

PUBLIC MEETINGS

Nature purpose meeting	and of	Date of Event	Number Participating Municipal Councilors	of	Number participating Municipal Administration	of	Ward	Number Community Members Attending	of
Report Meeting	Back	19 July 2012	1		Public Participation Unit		9	-	
Report Meeting	Back	24 July 2012	1		Public Participation Unit		7	-	
Report Meeting	Back	24 July 2012	1		Public Participation Unit		5	-	
Report Meeting	Back	18 September 2012	1		Public Participation Unit		7	-	
Report Meeting	Back	13 September 2012	1		Public Participation Unit		9	43	
Report Meeting	Back	01 October 2012	1		Public Participation Unit		5	87	
Report Meeting	Back	03 October 2012	1		Public Participation Unit		6 & 9	36	

Report meeting	Back	03 October 2012	1	Public Participation Unit	7	84
Report Meeting	Back	15 October 2012	1	Public Participation unit	2	43
Report Meeting	Back	22 October 2012	1	Public Participation Unit	6	70
Report Meeting	Back	29 October 2012	1	Public Participation Unit	8	98
Report Meeting	Back	07 November 2012	1	Public Participation Unit	9	12
Report Meeting	Back	13 November 2012	1	Public Participation Unit	4	300
Report Meeting	Back	12 December 2012	1	Public Participation Unit	7	16
Report Meeting	Back	12 December 2012	1	Public Participation Unit	9	6
Report Meeting	Back	07 February 2013	1	Public Participation Unit	5	72
Report Meeting	Back	13 February 2013	1	Public Participation Unit	2	67
Report Meeting	Back	18 February 2013	1	Public Participation Unit	6	73
Report Meeting	Back	04 March 2013	3	Public Participation Unit	6,8,9	186
Report Back		11 March 2013	3	Public Participation Unit	6,8,9	172
Report Meeting	Back	13 March 2013	1	Public Participation Unit	7	170
Report Meeting	Back	19 March 2013	1	Public Participation Unit	7	85
Report Meeting	Back	09 April 2013	3	Public Participation Unit	6,8,9	159
IDP/Budget Review		15 April 2013	1	9	1	81
IDP/Budget Review		16 April 2013	1	13	6	132
IDP/Budget Review		17 April 2013	1	13	4	91
IDP/Budget Review		18 April 2013	1	10	3	80
IDP/Budget Review		22 April 2013	1	6	8	58
IDP/Budget Review		23 April 2013	1	11	7	116
IDP/Budget		24 April 2013	1	9	5	80

Review						
IDP/Budget Review		25 April 2013	1	9	5(Branton Hall)	18
IDP/Budget Review		29 April 2013	1	14	9	42
IDP/Budget Review		30 April 2013	1	5	10	11
IDP/Budget Review		2 May 2013	1	7	2	30
Report Meeting	Back	9 May 2013	1	Public Participation Unit	9	38
Report Meeting	Back	14 May 2013	1	Public Participation Unit	4	121
Report Meeting	Back	29 May 2013	1	Public Participation Unit	1	85
Report Meeting	Back	1 July 2013	1	Public Participation Unit	5	29

KEY BENEFITS FOR THE MUNICIPALITY AND THE PUBLIC

- Develop on going communication around the development and the provision of services
- Build consistent interaction with the communities
- Empowering the communities to monitor progress and to report challenges regarding delivery of services
- Build the capacity of the Local communities to enable better understanding and participation in Local Government issues
- Enhance social cohesion

Chapter 2

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T2.5.1	

Integrated Development Planning

Integrated development planning (IDP) is a process whereby a municipality prepares its strategic development plan for a five year cycle directly linked to the term of its Council. IDP is at the center of the system of developmental local government in South Africa and represents the driving force for making municipalities more strategic, inclusive, responsive and performance-driven in character.

The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting and development in the Greater Knysna Municipal Area (GKMA). It seeks to integrate and balance the economic, ecological and social pillars of sustainability without compromising the institutional capacity required to implement and coordinate the efforts needed across sectors and relevant spheres of government.

Knysna Municipality in collaboration with all relevant stakeholders has already adopted its 3rd Generation IDP for 2012-2017 in the previous financial year. The Municipal Systems Act (Act 32 of 2000 as amended) does however require municipalities in South Africa to review their IDP's on an annual basis in order to keep track and remain relevant to the ever changing needs and dynamics in communities. The priorities and actions identified in this IDP review will inform the structure of the Knysna Municipality, the service delivery standards, all financial planning and budgeting as well as performance reporting by the municipality. In relation to the illustration below of the evolution of IDP's over a 5 year period this process can be described as Review 1 of the 3rd Generation IDP of the Knysna Municipality.

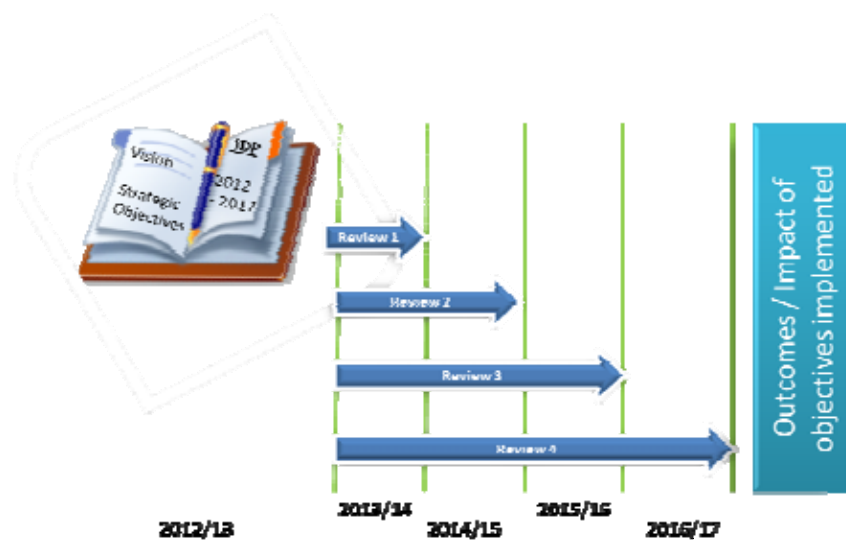


Figure 1: IDP review process

Review of the Integrated Development Plan

This is merely a review of the 3rd Generation IDP and does not attempt to rewrite the five year plan but mostly focusses on assessing and reporting on the strategic objectives and targets set in the 5 year plan. That is why it is essential to read this revised IDP together with the 2012-2017 IDP of Knysna Municipality. The IDP review was compiled in terms of a process plan developed to ensure compliance with certain quality standards and also to ensure that proper coordination between and within the spheres of government is established. The process plan also makes provision for communities to participate throughout the review of the IDP. The process plan is in effect a “plan to plan” with clear deliverables and specific timeframes. Council approved the process plan for the 2013/2014 IDP review process on 26 July 2012 in terms of *resolution number 8.4* that set out the methods and approach according to which the IDP review process was to be conducted. The process plan was subsequently amended by Council on 10 October 2012 with some minor adjustments to the initially adopted process plan in terms of *resolution number 8.3*. The amendments mainly included the following:

- To simplify the process plan for all stakeholders to track and participate in the IDP review process
- To streamline the phases of the process plan to also allow for more effective intergovernmental relations which will strengthen the IDP review process
- To reflect some of the dates of activities which only became apparent after the adoption of the initial process plan
- To introduce a more structured and focused method of public participation through the ward committees and sector Representatives

STATUS OF THE IDP REVIEW

This IDP review does not attempt to draft a new strategic plan for the municipality and must be read in conjunction with the 5 year 3rd Generation IDP adopted by Council on 26 May 2012. The main aim of this first review of the IDP of the Knysna Municipality is to do an assessment of the progress of implementation and report such progress to all the stakeholders involved. It also ILLUSTRATES THE CHANGES OF THE PRIORITY PROJECTS FROM THE VARIOUS WARDS AND STAKEHOLDERS. THIS IS ALSO AN ATTEMPT TO INFORM THE 2013/2014 ANNUAL BUDGET OF THE KNYSNA MUNICIPALITY AND ENSURE THAT RESOURCES ARE ALLOCATED WHERE NEEDED MOST AND ARE IN LINE WITH THE STRATEGIC OBJECTIVES OF COUNCIL.

COMPONENT D: CORPORATE GOVERNANCE

Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability.

2.6 RISK MANAGEMENT

Risk management is as much about identifying opportunities as avoiding or mitigating losses. It is a logical and systematic process of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organisation to minimise losses and maximise opportunities. The drive for local government transformation with limited resources has tended to force municipalities into taking a less conservative approach to service delivery with a proportional increase in their risk exposure.

Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability. Risk management trends and components already overlap with those of internal auditing, performance management, programme and project management, financial management, change management, customer care, communication, etc. and require incremental inclusion in current and future plans of the entire organisation. The management of risk by implication is a managerial function, even so individual sections, departments and directorates differ in their exposure and reaction to risks and thus departments, sections and individuals form a vital part of the overall risk management process within the Municipality.

Knysna Municipality strives, so far, successfully to be amongst the leaders in local government. In our continuously changing governance environment it is imperative that Council remains updated on key changes and challenges and how these effect the operation of business in today's environment. This will not be achieved without an effective, efficient, soundly funded and managed risk strategy that seeks to maximise its impact on the organisation with minimum resources at its disposal. National Treasury Public Sector Risk Management Framework affirms that "no organisation has a luxury of functioning in a risk-free environment and public institutions are especially vulnerable to risk associated with fulfilling their mandates".

The table below indicates the top five risks within the Municipality:

Top Five Municipal Risks			
Risk no.	Risk Category	Risk Description	Risk Background
1	Service delivery	Shortage of cemetery space	Insufficient cemetery space to keep up with demand
2	Service delivery	Ageing and overstretched infrastructure	Current infrastructure needs to be reviewed
3	Economic Environment	Lack of macro-economic strategy for Knysna	Negative impact of the current economic environment.
4	Service delivery	Poor quality of infrastructure	Insufficient to keep up with demand
5	Service delivery	Staff capacity	Attracting qualified competent staff/retain scarce skills/succession planning

2.7 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

The strategies listed in the table below have been adopted and are implemented by Council.

Name of strategy	Date Adopted
Anti-corruption strategy	11 December 2008
Fraud prevention strategy	11 December 2008

2.8 SUPPLY CHAIN MANAGEMENT

The Knysna Municipality received a clean audit from the Auditor- General which indicates that the municipality had no major SCM implementation or execution issues.

2.9 BY-LAWS

By-laws Introduced during the Year				
Newly Developed	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
By-law relating to liquor trading days and hours	Yes	05-Jul-12	Yes	14-Dec-12
<i>*Note: See MSA section 13.</i>				<i>T 2.9.1</i>

2.10 WEBSITES

The Knysna Local Municipalities website can be found at www.knysna.gov.za

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Final 31/10/2013 –
All current budget-related policies	2012/2013	Published 14/12/2012 – Edited 5/4/2013 –
The previous annual report (Year -0)	2010/2011	Published 14/12/2012 – Edited 12/2/2013 –
The annual report (Year 1) published/to be published	Yes	After 30/1/2014
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards	Yes	Published 9/7/2013 – Edited 15/8/2013 –
All service delivery agreements (Year 1)	No	
All long-term borrowing contracts (Year 1)	No	
All supply chain management contracts above a prescribed value (give value) for Year 1	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 1	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1	Yes	Published 6/3/2013 – Edited 21/8/2013 –
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		
T 2.10.1		

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction surveys were undertaken during this year

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Performance management is a process which measures the implementation of the organisation's strategy, as set by Council, and targets, as developed as part of a public participation process. It is also a management tool monitor the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements, most notably the Municipal Systems Act and related Regulations. . The system is used to plan, measure and review individual performance indicators. Thus performance management provides the mechanism to measure whether targets and strategic goals are met, as set by and for the organisation and its employees.

THE IDP AND THE BUDGET

The reviewed IDP and the budget for 2012/13 were approved by Council on 29 May 2012. The IDP process and the performance management process are integrated. The IDP fulfills the planning stage of performance management. Performance management in turn, fulfills the implementation management, monitoring and evaluation of the IDP.

THE IDP AND THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The municipal performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and business processes of the Municipality are implemented. It also allocates responsibility to directorates and officials to deliver the services in terms of the IDP and budget.

COMPONENT A: BASIC

SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION

The Knysna Municipality has increased the access to basic services considerably over the last ten years.

- The percentage of households using electricity for lighting has increased by 9% to 89% in 2011.
- The percentage of households with access to piped water inside a dwelling has increased to 67% in 2011. There are still a substantial number of households who access water from a communal tap especially in the informal and rural communities. The performance of this accessibility indicator increased by 16% since the last census in 2001.
- The household waste which is removed on a weekly basis is at 93% of households which represents an increase of 2%.

- Accessibility to a flushed toilet which is connected to a sewerage connection increased by 12% to 67% in 2011.

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Knysna Municipality has ten water schemes to manage within the Greater Knysna Municipal Area (GKMA). These schemes include reverse osmosis, desalination, boreholes and surface water schemes. The schemes are vastly spaced and require consistent effort and co-ordination to manage and maintain. Knysna Municipality supplies water from the source to the tap, as none of the water functions have been outsourced. In the last financial year the network was further extended to provide access to basic potable water on the periphery of the urban edge.

To run the services optimally the department has key planning documentation: the maintenance plans and the water master-plan. The key focus of the maintenance plans is to create an optimal work plan (with timelines for the operating budget) to safeguard and maintain assets.

The focus of the water master-plan is:

- To update the existing bulk infrastructure information for future use;
- To investigate future demands;
- To model the existing system to see which element must be upgraded;
- To investigate the future bulk requirements; and
- To determine capital requirements based on the different developments scenarios.

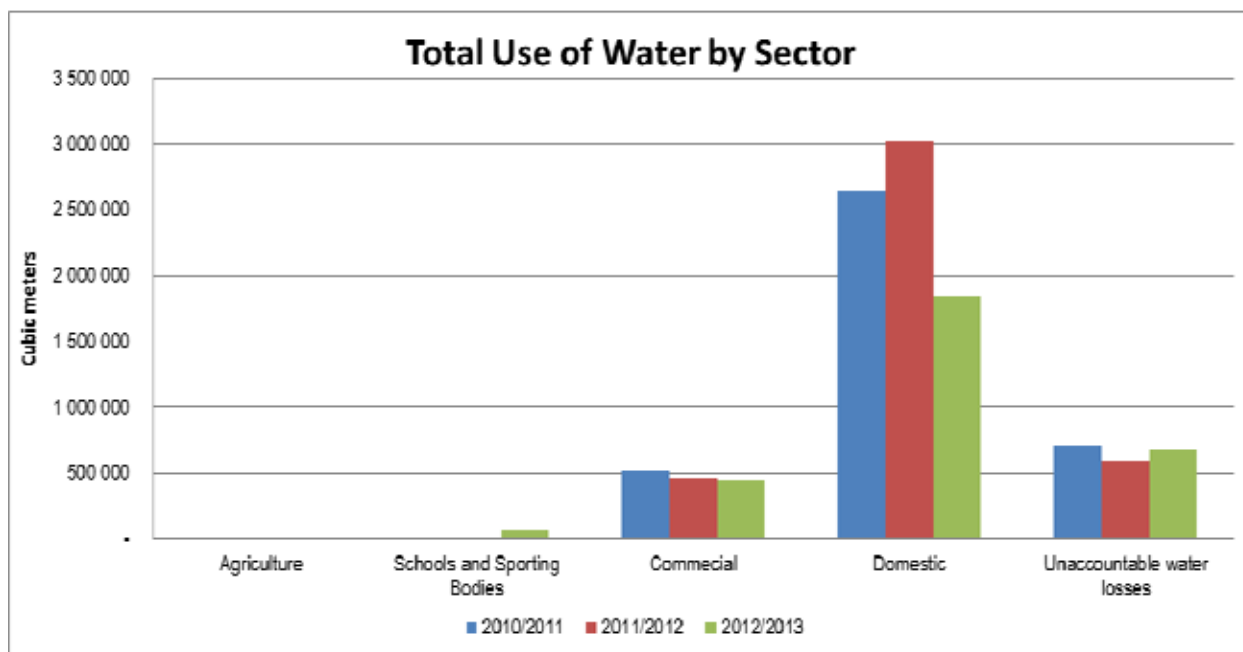
Key data that is required is the Municipal Spatial Development Framework and credible population data and trends. The long term consumption figures are also used to determine growth in the sector for future trend.

The top three water service delivery strategies remain:

- To provide more capacity for raw water storage in Knysna;
- To reduce water losses in the Greater Knysna Area; and
- The refurbishment of key water infrastructure.

Total Use of Water by Sector (cubic meters)					
	Agriculture	Schools and Sporting Bodies	Commercial	Domestic	Unaccountable water losses
2010/2011	5 540	-	513 162	2 647 627	702 235
2011/2012	5 651	-	464 988	3 022 145	587 567
2012/2013	5 717	64 440	451 122	1 841 706	673 004

Table 1: Total Use of Water by Sector (cubic meters)



Water losses have stayed relatively consistent over the past two financial years with a loss of 18.4% in 2012/13 versus a loss of 14.4% in 2011/12. This can be attributed to a focused water demand management strategy implemented by the municipality.

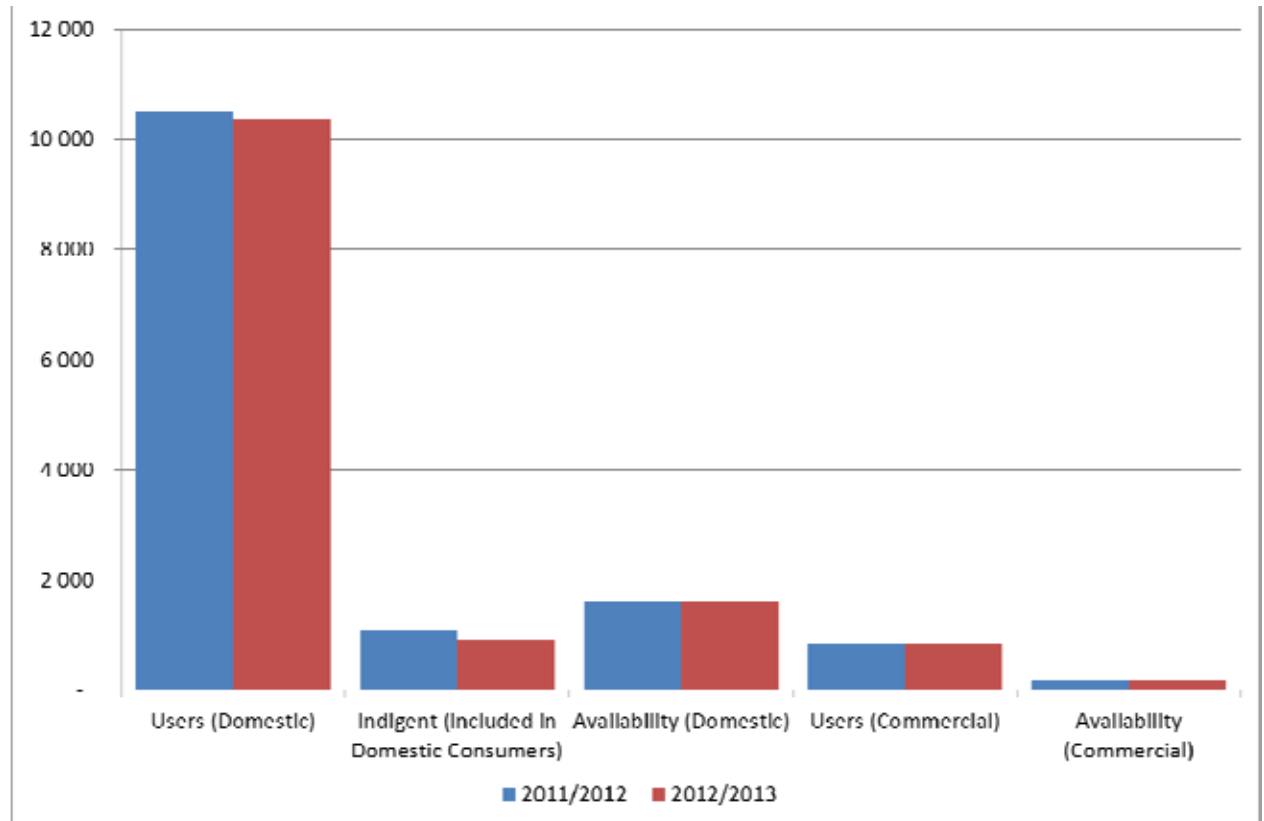
Section 4B of the Constitution lists water and sanitation services, limited to potable water supply systems and domestic wastewater and sewerage disposal systems, as a local government function. Basic water supply is defined as 25 liters of potable water per day supplied within a 200 meters radius of a household.

Water Service Delivery Levels			
Description	User Access		
	2011/2012	2012/2013	Change
	Actual No.	Actual No.	
<u>Water:</u>			
Domestic	12 082	11 948	(1)%
Users	10 480	10 350	(1)%
Availability	1 602	1 598	0%
Indigent (included in Domestic Users)	1 091	917	(16)%
Commercial	1 044	1 043	0%
Users	865	853	(1)%
Availability	179	190	6%

Total number of users	13 126	12 991	(1)%
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Table 2: Water Service Delivery Levels

Figures contained in the table are extracted from the municipal finance system.



Access to Water

Chapter 3

Water Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Limit water unaccounted for</i>	This indicator measures unaccounted for water which represents the difference between "net production" (the volume of water delivered into the water network) and "consumption" (the volume of water that can be accounted for by legitimate consumption including the indigent consumption.) The reason for the high target due the shortfall of funds for infrastructure refurbishment.	Percentage	25	18	27	18.4	25	25	25
<i>The number of single residential properties with access to basic level of water.</i>	The indicator reflects the number of residential properties connected to the municipal water infrastructure network for credit Meters	Number	-	10 480	10 560	10 350	10 660	10 760	10 860
<i>Produce class 0 quality drinking water</i>	Percentage of test that comply to with SANS (South African National Standard) 241 standards "SANS 241 specifies the quality of acceptable drinking water, defined in terms of microbiological, physical, aesthetic and chemical determinants, at the point of delivery." - ISBN 978-0-626-26115-3 This indicator measures the total of percentage achieved by all water treatment works in the Greater Knysna area.	Percentage	-	-	90	97	90	90	90
<i>Annual review of the Water and Sewer Master-Plan</i>	The Water and Sewer Master-Plan is approved by Council every five years (2010 current approval) and reviewed annually. The plan assists the Municipality to fulfill its obligation to ensure to ensure sustainable access to clean and affordable water to all citizens in its area of jurisdiction. The WSDP must also incorporate Water and Sewer Master-Plan.	Number	-	-	-	-	1	1	1

Table 3: Water Service Policy Objectives Taken From IDP

Chapter 3

Employees: Water Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	0	0	0	0%
10 - 12	6	7	6	1	14%
7 - 9	8	8	8	0	0%
4 - 6	16	18	16	2	11%
0 - 3	30	30	28	2	7%
Total	60	63	58	5	8%

Table 4: Employees: Water Services

Financial Performance Year 2012/2013: Water Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	50 357	60 531	60 441	60 212	(1)%
Expenditure:					
Employees	11 031	11 893	12 085	11 390	(4)%
Repairs and Maintenance	3 514	5 256	4 278	3 165	(40)%
Other	36 789	32 258	32 889	38 896	21%
Total Operational Expenditure	51 334	49 407	49 251	53 451	8%
Net Operational Expenditure	977	(11 124)	(11 190)	(6 761)	(39)%

Table 5: Financial Performance Year 2012/2013: Water Services

Capital Expenditure Year 2012/2013: Water Services					
R' 000					
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10 235	10 369	12 377	21%	
Karatarra River Weir	4 859	4 777	5 639	16%	6 542
N and NE Bulk Water Phase III	2 018	2 964	4 673	132%	36 138
Asset replacements and refurbishments	-	100	555	-	On going
Rheenendal New Water Augmentation	1 754	650	529	(70%)	9 029
Total of sundry projects	1 604	1 878	982	(39%)	

Table 6: Capital Expenditure: Water Services

Overall Water Services Performance

The water services section performed satisfactorily during the financial year, but can improve if they work more efficiently. The department was faced with challenges and in certain instances failed to achieve certain standards and thus the department did not receive Blue Drop for all the water plants. Furthermore certain projects could not be completed due to a lack of funding and the failure of National and Provincial departments to process matters expeditiously. The final challenge relates to the acquisition and retention of the necessary skilled personnel to assist in the implementation of projects, as well as on-going management of the service.

3.2 WASTE WATER (SANITATION) PROVISION

Council has made considerable investment in its infrastructure development programme to give effect to the strategic objective of Knysna Municipality of providing infrastructure for basic services and ensuring a safe and healthy environment.. Knysna Municipality places a high priority on sanitation services and one of the Municipality's greatest challenges is to expand the infrastructure to meet future development requirements. The Council realises that the achievement of many of its strategic objectives depends upon proper infrastructure for basic service delivery and the maintenance thereof.

Good sanitation services exist in the municipal area where the majority of the residential areas have waterborne sanitation. However, some areas still rely on septic tanks, notably Leisure Island and Sedgfield, as well as some informal areas. The servicing of septic tanks becomes increasingly demanding during the peak holiday season when most of the holiday homes are occupied and require more frequent emptying. The municipality does have adequate capacity and resources available to cope with such demand.

More than 67 % of households in the urban area had access to flush toilets, flush septic tanks or chemical toilets in 2011. This figure can be improved upon to eradicate the backlogs and provide equal access to basic sanitation services to all households in the GKMA if more funding can be secured from national and andprovincial government.

During November 2011, the Provincial Department of Human Settlements, in collaboration with the Municipality, compiled an Informal Settlement Database indicating access to basic services including water and sanitation. The survey indicated where the national minimum requirements of five households per sanitation facility and 25 families per water tap were not met, and budget to remedy this situation was allocated accordingly.

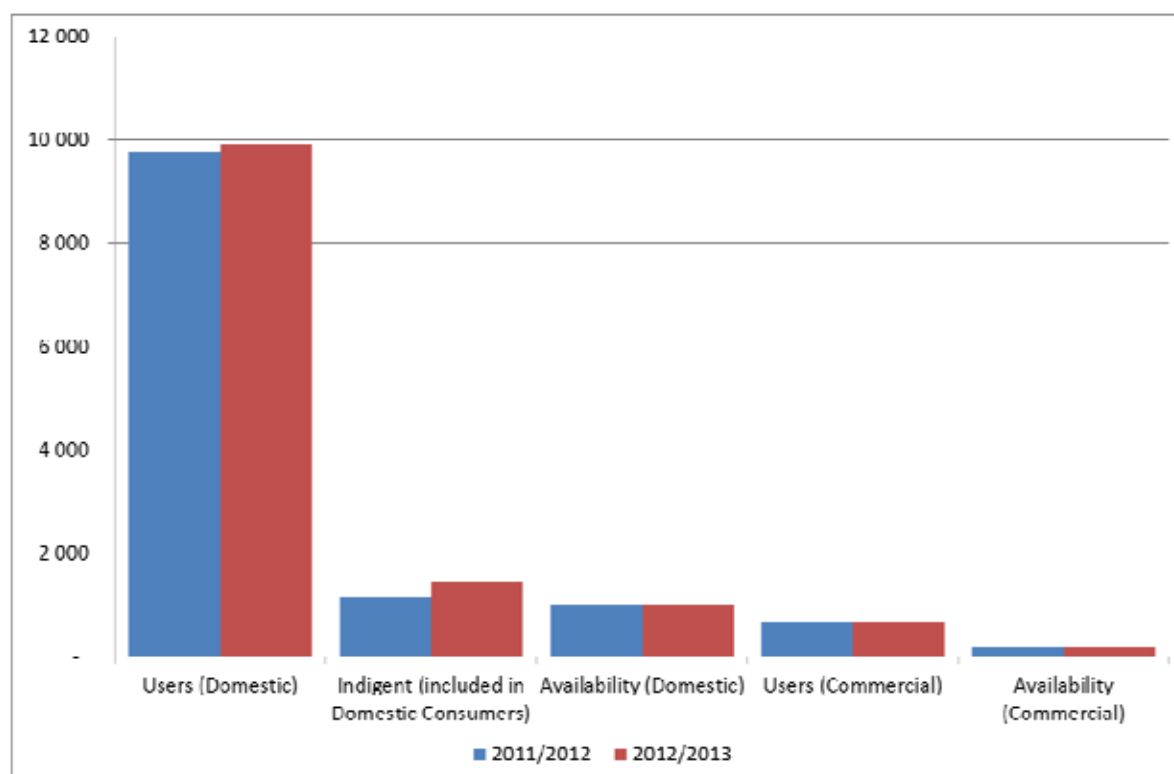
None of the existing seven waste water treatment works in the GKMA have Green Drop Status and the municipality is continuously improving on its efforts to achieve Green Drop Status for its major systems. The functioning of the Knysna Waste Water Treatment works is of critical concern given its proximity to the estuary and the aged infrastructure. A major upgrade and refurbishment of the Knysna Waste Water Treatment works is underway and will result in additional capacity to the currently overloaded sewerage works. This will hopefully unlock business development potential, attract investment to the area and facilitate the implementation of residential development.

A final effluent quality control programme, including revised standards, is in place to minimise the risk of pollution of the estuary and ground water sources. The outflow from the plant is monitored by the Eden District Municipality. SANParks, as well as the Knysna Basin Project, assists in monitoring several sites in and along the Knysna estuary.

Waste Water (Sanitation) Service Delivery Levels			
Description	2011/2012	2012/2013	User Access
	Actual	Actual	Change
	No.	No.	%
<u>Waste Water (Sanitation):</u>			
Domestic	10 772	10 916	1%
Users	9 774	9 905	1%
Availability	998	1 011	1%
Indigent (included in Users figure above)	1 150	1 454	26%
Commercial	838	836	0%
Users	668	655	(2)%
Availability	170	181	6%
Total number of users	11 610	11 752	1%

Table 7: Sanitation Service Delivery Levels

Figures contained in the table are extracted from the Municipal finance system.



Chapter 3

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Implementation of the access to basic service programme</i>	This indicator reflects the number of toilets provided in informal settlements during the period under review in terms of the ABS project. Certain toilets may however have been vandalised or removed after provision.	Number	180	154	700	549	-	-	-
<i>Comply to standard set by DWA for waste water treatment</i>	The Department of Water Affairs (DWA) has set special standards for waste water effluent that seeks to measure and maintain the quality of the effluent in order prevent pollution of the environment. The higher standards instigated the Waste Water Treatment Works (WWTW) upgraded.	Number	-	-	12	0	12	12	12
<i>The number of single residential properties with access to basic level of sanitation.</i>	The indicator reflects the number of residential properties that the Municipality is aware of connected to the municipal waste water (sanitation/sewerage) network irrespective of the number of water closets (toilets).	Number	-	9 774	10 440	9 905	10 450	10 460	10 470
<i>Achieve Green Drop compliance for Knysna and Sedgfield WWTW</i>	The Department of Water Affairs (DWA) has introduced a Green Drop certification programme for Waste Water Treatment Works (WWTWs). The Green Drop initiative has been implemented by DWA to ensure the progressive improvement of waste water treatment operations, so as to minimise the negative impact on the environment.	Number	-	-	-	-	-	2	6

Table 8: Waste Water (Sanitation) Service Policy Objectives Taken From IDP

Chapter 3

Employees: Sanitation Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	0	0	0	0%
10 - 12	0	0	0	0	0%
7 - 9	4	5	4	1	20%
4 - 6	6	7	7	0	0%
0 - 3	22	25	24	1	4%
Total	32	37	35	2	5%

Table 9: Employees: Sanitation Services

Financial Performance Year 2012/2013: Sanitation Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	28 846	24 783	26 941	27 601	11%
Expenditure:					
Employees	5 293	5 635	5 676	5 951	6%
Repairs and Maintenance	2 296	1 677	1 604	1 380	(18)%
Other	20 888	16 938	16 907	17 971	6%
Total Operational Expenditure	28 477	24 250	24 187	25 302	4%
Net Operational Expenditure	(369)	(533)	(2 754)	(2 299)	331%

Table 10: Financial Performance Year 2012/2013: Sanitation Services

Capital Expenditure Year 2012/2013: Sanitation Services					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14 893	17 244	21 105	42%	
Extension to Knysna Waste Water Treatment Works	13 773	16 866	20 180	47%	43 652
Sedgefield Waste Water Treatment Works (Feasibility Study)	-	-	349	-	To be determined
Asset replacements and refurbishments	-	-	250	-	On going
Grey Street Sewer Main Protect	-	-	123	-	123
Total of sundry projects	1 120	378	203	(82%)	

Table 11: Capital Expenditure: Sanitation Services

Overall Sanitation Services Performance

Based on the on the budget received and other resources the department performed satisfactorily considering the following:

- Critical shortage of human resources with requisite experience;
- Insufficient funding to provide equal services to the whole community; and
- Old infrastructure resulting in effluent not to special standards.

3.3 ELECTRICITY

The provision of sustainable and affordable electrical services is one of the corner stones of any vibrant economy, and Knysna Municipality is therefore no exception. Currently the municipality has adequate capacity to deliver bulk electricity services for any current or future residential of commercial developments in the area. A risk to attracting future developments and investment is the affordability of electricity which may compromise the economic viability of intended development projects.

ESKOM has applied to the National Energy Regulator of South Africa (NERSA) for a 16% increase annually for a period of five years. Fortunately NERSA considered the devastating effect it would have had on business in general and ordinary households and has subsequently approved an 8% tariff increase for the first year. The electricity tariffs of Knysna Municipality are not the highest in the Western Cape Province and the free basic electricity only applies to electrification grant funding households. The major users of electricity are domestic users followed by business that are currently at 30% of total usage. The latter usage can be attributed to the decline in the local economy. The gross average per unit cost of electricity for Knysna is 113c/kWh compared to Swellendam at 128c/kWh, Hessequa at 129c/kWh and Bitou at 109c/kWh.

A minimum requirement for the electrification of residential areas is that the township area must have been formally designed and approved by Council. This is particularly challenging in informal settlements. Integrated planning between the Electro-technical Department of Knysna Municipality and other municipal, national and provincial departments is crucial to ensure that adequate funding is secured for the provision of electricity for such projects.

The municipality mostly receives its funding for electrification projects from National Department of Energy. The lead time for any funding applications to the Department of Energy is approximately two years.

Knysna Municipality and ESKOM are the distributors of electricity and subsequently this service is one of the major income generators for the municipality. Electricity is provided to all formal households and electricity and street or high mast lights to most formal and informal areas in the Greater Knysna region. 86% of households in Knysna Municipality have electricity available for lighting, while 9% use paraffin. Areas do experience power outages (both planned and unplanned) but the frequency thereof is not outside of acceptable norms, and as far as possible the affected communities are informed of the outage.

The areas mostly affected by unplanned outages are the rural areas where overhead line systems are exposed to storms and lightning, as well as falling trees, birds flying into lines and monkeys climbing up the electricity poles. ESKOM has also recently announced that load shedding might hit the country again because of limited capacity and technical difficulties experienced at its major power stations.

The growth of informal settlements in areas such as Hlalani, Oupad, Edameni, Nekkies, Ethembeni, and the Gaatjie as well as other sites in Sizamile-Smutsville creates the continuous need for additional electrification capacity. The municipality has planned the following to address these needs:

- The municipality has submitted formal applications to increase the intake at the Knysna Eastford and at the Sedgefield substations.
- Council also budgeted for counter-funding for the electrification of a number of informal areas which are incorporated into designated township layouts. The bulk of this funding for this reticulation is from the Department of Energy.
- The Department has also committed to providing funds for the upgrading of the bulk infra-structure in the Northern Areas which is currently at capacity.

For a number of years Council had to apply strict limiting conditions to land use and development applications due to the electricity consumption for the GKMA being at capacity. ESKOM is currently upgrading the line between Blanco, George and Bitou and also building a new 132 kV overhead line to Knysna which will free up considerable electricity capacity beyond 2014.

A further challenge for Knysna Municipality is the loss of electricity. Electricity distribution losses increased from 6.87% in 2010/2011 financial year to 8.72% in 2011/2012 and effective interventions needs to be instituted to minimise such losses. To assist with the prevention of loss and as debit management incentive prepaid electricity meters will be introduced to all properties in Knysna over the next three years. There will also be a shift to future arrears being loaded onto a customer's prepaid electricity system to ensure customers pay for all municipal services up-front rather than the current arrears method. The largest growth in debtors has been in water, sewerage and refuse i.e. in these services where there is no or limited credit control remedies.³

The Council is investigating Waste to Energy opportunities in conjunction with the Eden District Municipality. Council also appointed service providers to roll-out water geysers to the impoverished areas and 150 installations were completed in

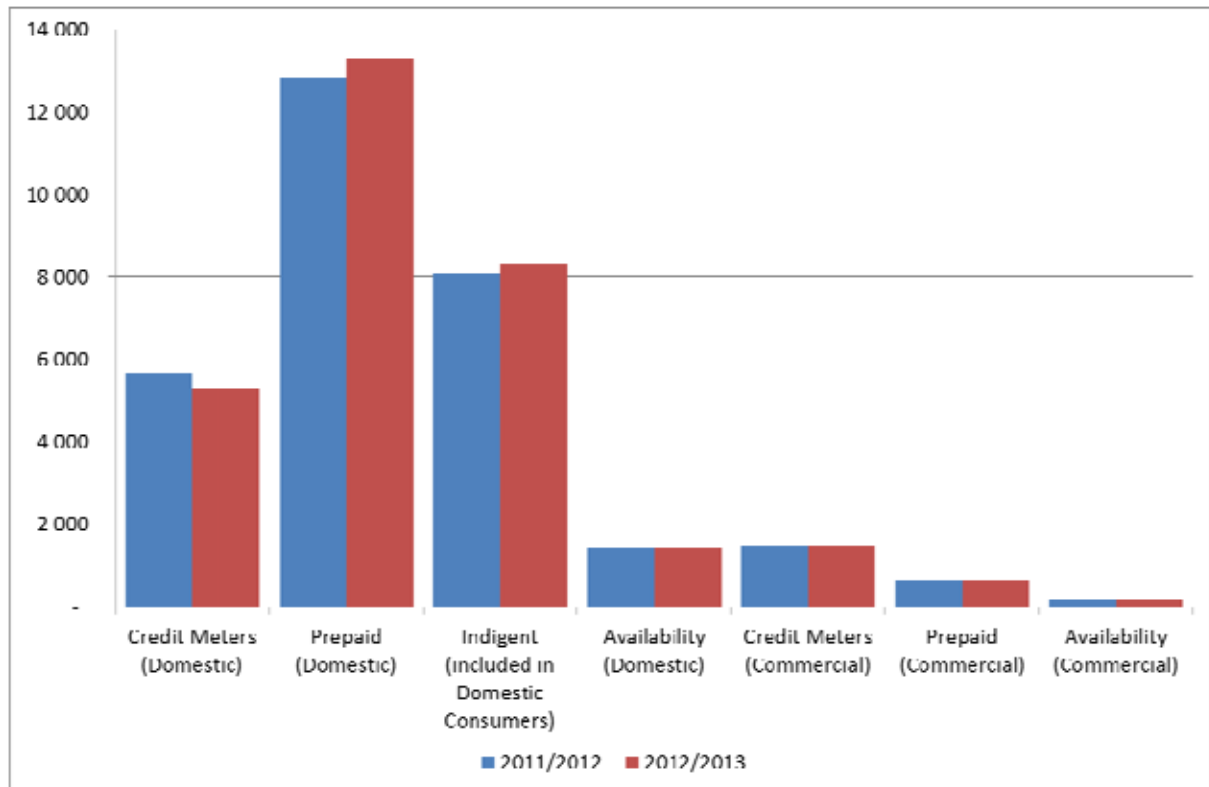
³ Knysna MTREF 2013/2014

the previous financial year. Unfortunately the project had to be suspended because Eskom and Department of Energy are currently reviewing their funding model in this regard.

Electricity Service Delivery Levels			
User Access			
Description	2011/2012	2012/2013	Change
	Actual	Actual	
	No.	No.	
<u>Electricity:</u>			
Domestic	19 926	20 013	0.4%
Credit Meters	5 644	5 286	(6)%
Prepaid	12 831	13 276	3%
Availability	1 451	1 451	0%
Indigent (included in Prepaid)	8 094	8 331	3%
Commercial	2 332	2 342	0.4%
Credit Meters	1 506	1 482	(2)%
Prepaid	636	659	4%
Availability	190	201	6%
Total number of users	22 258	22 355	0.4%

Table 12: Electricity Service Delivery Levels

Figures contained in the table are extracted from the municipal finance and prepaid system.



Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Review of the Electricity Master-Plan for Knysna and Sedgefield</i>	The objective of the Electricity Master-Plan for Knysna and Sedgefield is to provide the municipality with a clear assessment of the current state of the electrical infrastructure and the long-term plan for the required development to the network to support the envisaged demand growth in Knysna and Sedgefield.	Number	-	-	2	0	-	-	1
<i>The number of single residential properties with access to basic level of electricity.</i>	The number of single residential properties with access to basic level of electricity. Indicator Definition The indicator reflects the number of residential properties connected to the municipal electrical infrastructure network for both credit and prepaid metering.	Number	16 600	16 600	18 000	18 475	18 250	18 500	18 750
<i>Submit report on alternative energy sources to Council</i>	Investigate alternative energy supply opportunities for energy and submit report to Council.	Number	-	-	-	-	-	-	1

Table 13: Electricity Service Policy Objectives Taken From IDP

Chapter 3

Employees: Electricity Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	1	1	1	0	0%
13 - 15	0	0	0	0	0%
10 - 12	12	14	13	1	7%
7 - 9	1	3	1	2	67%
4 - 6	8	8	8	0	0%
0 - 3	9	12	9	3	25%
Total	31	38	32	6	16%

Table 14: Employees: Electricity Services

Financial Performance Year 2012/2013: Electricity Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	172 645	191 287	192 787	188 048	(2)%
Expenditure:					
Employees	7 166	8 080	8 080	7 626	(6)%
Repairs and Maintenance	4 716	10 608	8 336	6 162	(42)%
Other	137 585	151 385	151 455	152 172	1%
Total Operational Expenditure	149 467	170 074	167 872	165 960	(2)%
Net Operational Expenditure	-23 178	-21 213	-24 915	-22 088	4%

Table 15: Financial Performance Year 2012/2013: Electricity Services

Capital Expenditure Year 2012/2013: Electricity Services					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	15 716	14 957	13 405	(15%)	
Asset replacements and refurbishments	7 151	4 955	4 570	(36%)	On going
Knysna Oolweni Substation	2 632	2 632	2 953	12%	2 953
10MVA Incoming Transformer Sedgefield	1 895	1 760	1 877	(1%)	1 877
N and NE Street lights	-	1 316	1 509	-	1 509
Total of sundry projects	4 038	4 294	2 496	(38%)	

Table 16: Capital Expenditure: Electricity Services

Major Towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (MDG)	Maximum Demand Peak (MDP)
2011/2012			
Knysna	32 000 kVA	-1.18%	27 889 kVA (July 2011)
Eastford	4 000 kVA	-9.59%	3 740 kVA (July 2011)
Sedgefield	7 200 kVA	1.71%	6 338 kVA (July 2011)
Buffalo Bay	650 kVA	0.34%	546.85 kVA (December 2011)
Karataru Welfare Village	400 kVA	-6.87%	238.54 kVA (July 2011)
Karataru Forest Village	300 kVA	-17.81%	107.87 kVA (July 2011)
2012/2013			
Knysna	32 000 kVA	0.71%	28 086 kVA (July 2012)
Eastford	5 700 kVA	15.03%	4 302 kVA (July 2012)
Sedgefield	8 000 kVA	1.17%	6 412 kVA (July 2012)
Buffalo Bay	650 kVA	6.46%	582.15 kVA (December 2012)
Karataru Welfare Village	400 kVA	3.31%	246.43 kVA (July 2012)
Karataru Forest Village	300 kVA	1.17%	109.13 kVA (June 2013)

Table 17: Electricity Notified Maximum Demand

Financial Year	Percentage Loss	Increase (Decrease)
2010/2011	6.87	(0.73)
2011/2012	8.72	1.85
2012/2013	10.86* still needs to be verified	2.14

Table 18: Electricity Losses

3.4 WASTE MANAGEMENT

Knysna Municipality renders an effective refuse removal service to the majority of households in the Greater Knysna Municipal Area. In 2012 an overall 93% of households in Knysna Municipality were estimated to have their household refuse removed at least once a week by the municipality. If only the formal households are taken into account this figure goes up to 100%. This is a core function of the municipality but in some instances, particularly the Northern Areas in Knysna this service has been outsourced to emerging businesses which contributes towards the economic development programme of the municipality.

The refuse is transferred to a landfill site outside of Knysna at Petro SA, near Mossel Bay, which complies with the national dumping site requirements. This particular landfill site is near its capacity and has an estimated lifespan until 2014. The Eden District Municipality is in the process of establishing a new regional landfill site adjacent to Petro SA in Mossel Bay.

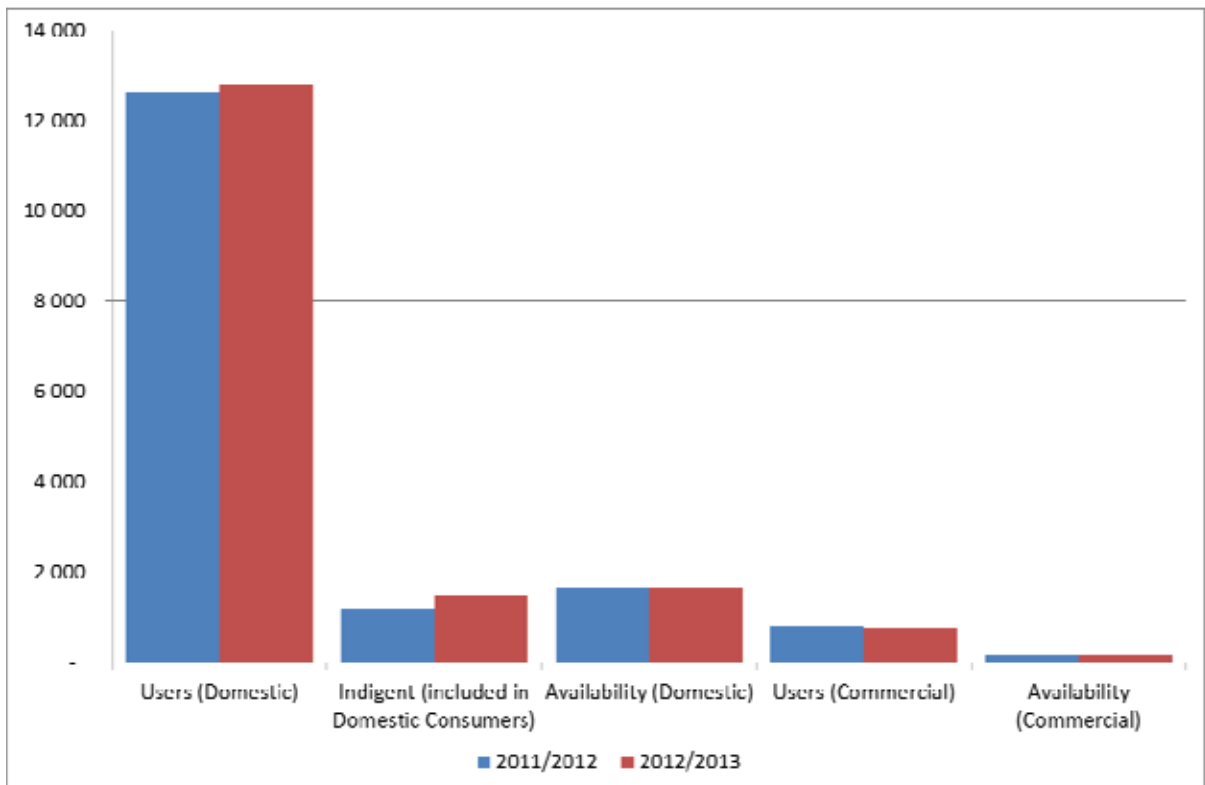
The Municipality has identified two sites in Knysna and Sedgefield respectively to be accredited as garden and builder's waste dumping sites. The statutory processes are currently underway in this regard and approval is being awaited from the provincial Department of Environmental Affairs and Development Planning in this regard.

Certain farmers in the area however prefer to do their own waste management that complies with waste management legislation. SANParks and the Department of Agriculture, Fishery and Forestry also make use of private service providers for refuse removal.

Solid Waste Service Delivery Levels			
User Access			
Description	2011/2012	2012/2013	Change
	Actual	Actual	
	No.	No.	
<u>Solid Waste Removal:</u>			
Domestic	14 301	14 460	1%
Users	12 635	12 793	1%
Availability	1 666	1 667	0%
Indigent (included in Users figure above)	1 184	1 465	24%

Commercial	955	955	0%
Users	775	764	(1)%
Availability	180	191	6%
Total number of users	15 256	15 415	1%

Table 19: Solid Waste Service Delivery Levels



Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>The number of single residential properties with access to basic level of solid waste removal.</i>	This indicator reflects the number of single residential properties receiving a weekly door to door refuse removal service this excludes vacant residential properties.	Number	13 300	12 635	13,240	12 793	13250	13 260	13 270
<i>Review of the Integrated Waste Management Plan – IWMP submitted to Council</i>	The Integrated Waste Management Plan - IWMP is a requirement by legislation. It is an integrated waste management system and process aimed at waste minimisation, managing the impact of waste on the receiving environment over the entire waste circle which includes waste generation, storage, collection, transportation, treatment and disposal of waste. It is intended to guide municipalities and their partners to move away from fragmented and uncoordinated waste management towards an integrated system. For 2016/2017	Number	-	-	-	-	-	-	-

Table 20: Waste Management Service Policy Objectives Taken From IDP

Chapter 3

Employees: Solid Waste Management Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	0	0	0	0%
10 - 12	2	2	2	0	0%
7 - 9	11	11	11	0	0%
4 - 6	4	5	5	0	0%
0 - 3	73	77	75	2	3%
Total	90	95	93	2	2%

Table 21: Employees: Solid Waste Management Services

Financial Performance Year 2012/2013: Solid Waste Management Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 513	21 535	21 535	21 080	(2)%
Expenditure:					
Employees	11 232	11 973	12 117	12 538	5 %
Repairs and Maintenance	744	640	997	421	(34)%
Other	17 985	13 142	13 139	16 113	23 %
Total Operational Expenditure	29 962	25 755	26 253	29 071	13 %
Net Operational Expenditure	9 449	4 220	4 718	7 991	89 %

Table 22: Financial Performance Year 2012/2013: Solid Waste Management Services

Capital Expenditure Year 2012/2013: Solid Waste Management Services					
R' 000					
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 500	1 669	1 689	13%	
Vehicle Replacement: Compactor truck	1 500	1 669	1 689	13%	1 689
Total of sundry projects	-	-	-	-	

Table 23: Capital Expenditure: Solid Waste Management Services

3.5 HOUSING

At our last survey there are 21 893 formal and 4 303 informal households in the Greater Knysna Municipal Area and all basic services are provided to these households at the set national norms. The fact that the total number of informal households has not changed much can be attributed to effective land management mechanisms and the roll out of the housing program. However, the housing waiting list amounts to 12 182 households or persons requiring suitable accommodation.

The provision of affordable housing units remains a high priority for the Council of Knysna Municipality in order to restore the dignity of poor people and provide them with proper shelter as enshrined in the Constitution of South Africa. The biggest challenge is that the demand for housing is out of proportion in correlation with the funding resources that are available. The topography of the area makes it difficult to install bulk services, reticulation, platforms and the top structures. The hilly terrain and lack of alternative land makes it costly to deliver quality housing units for the subsidy amount available from government.

Despite the aforementioned challenges, Knysna Municipality has distinguished itself as one of the high performance municipalities in the Western Cape in respect of housing delivery and the municipality makes the extra effort in terms of innovation giving the challenges it faces. One Hundred percent (100%) of the DoRA allocation provided by Provincial Government for housing in the 2012/2013 financial year was spent. The Department of Human Settlements in the Western Cape increased its allocation for housing delivery to Knysna Municipality from R42m to R48m in the 2012/2013 financial year which made it possible to increase the delivery of housing opportunities.

The human settlement process also provides lucrative economic opportunities for local people and businesses. The Department of Human Settlement in Knysna Municipality promotes local labour and local procurement through all its projects and has subsequently provided business opportunities to 26 local contractors to the value of R7m and created approximately 600 direct employment opportunities in the 2012/2013 financial year.

It is estimated that R46m will be allocated to Knysna Municipality for the 2013/2014 financial year.

Knysna Municipality has delivered 3 500 Breaking New Ground (BNG) serviced sites and over 1 800 housing units through the different accommodation options available during the last five year IDP cycle.

The existing Human Settlement Plan (HSP) of Knysna Municipality is currently under review and will incorporate a comprehensive pipeline with the prioritised human settlement projects. The review of the HSP will form an integral part of the Integrated Strategic Development Framework (ISDF) process in an attempt to integrate the Human Settlement Plan with other strategic planning documents including the Economic Development Strategy (EDS), Spatial Development Framework (SDF) and the Strategic Environmental Assessment (SEA).

The following housing opportunities were successfully implemented between 2007 and 2012:

* Serviced Sites	:	3 500
* Platforms	:	1 765
* Retaining Walls	:	1 765
* Foundations	:	1 656
* Top Structures	:	1 818

The abovementioned housing opportunities have however not made a significant dent in the official housing waiting list simply because the focus has been on the upgrading of informal settlements as opposed to greenfields development. The reason for this focus is two-fold: to ensure the provision of basic services to all residents; and there is no suitable, affordable land for greenfields development.

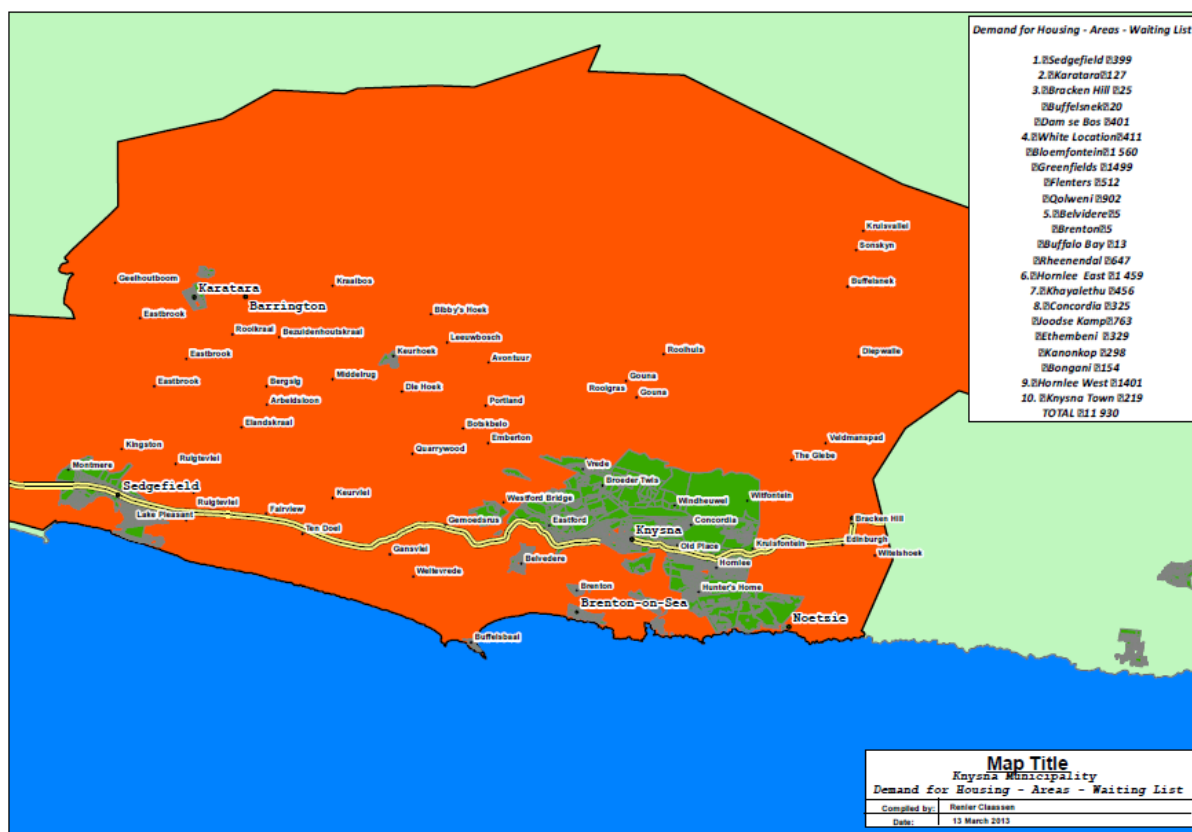
At the current delivery rate it will take over 20 years to service the total waiting list, based upon the delivery of about 500 units per annum. There has been a shift in housing policy to focus on the provision of serviced sites as opposed to top structures. While this will assist in increasing delivery of services to all, it will however exponentially increase the load on the over-capacitated infrastructure.

The current waiting list for accommodation is 12 182 as per the National Housing Demand Database which also include the applicants currently staying in the 4 303 informal dwellings. Please note that this includes the pre-screening results – which will identify persons who are deceased and who has subsidy approval.

The following developments will be rolled in the next five years:

* Access to Basic Service	:	4 303 informal dwellings
* Vision	:	1 750 services and top structures
* Flenters	:	248 top structures
* Rheenendal	:	150 services and top structures
* Lapland, Rheenendal	:	60 infill houses

The map below indicates the current residential areas of the applicants on the housing waiting list of Knysna Municipality:



Council has also concluded a partnership with the private sector to develop about 302 housing units in the affordable to middle-income range and at least 96 subsidy units in Hornlee. The planning process for this precinct development has already commenced which will have a significant impact on the housing demand in the area. This development provides Knysna Municipality an opportunity to investigate a range of housing models to accommodate a broad spectrum in the years to come.

Bulk services and infrastructure also have to be upgraded in the towns of Rhenendal, Karatara, and Sedgefield in order for the Municipality to proceed with any project in these areas. Likewise in these areas the availability of land for housing purposes is a great challenge.

Council is in negotiations with National Government for additional land for housing purposes. Council will also seek other development options during the IDP period to maximize the housing opportunities and densification will form part of these options. The full range of BNG programs will be implemented and the Integrated Human Settlement Plan will capture more detail with regards to these options. An integrated approach to housing will have an enormous impact on the resources as well as the planning towards the successful implementation of one of the top IDP priorities in most wards. Council will need to vigorously pursue this complex issue of housing within complicated technical, social, political, environmental and financial constraints.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2009/2011	16 936	1 035	6.1%
2010/2011	17 478	1 035	5.9%
2011/2013	21 512	4 303	20.0%
2012/2013	21 512	4 303 *	20.0%

Table 24: Percentage of households with access to basic housing

* Figures bases on the latest census 2011 figures

Chapter 3

Housing Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Transfer of Council housing opportunities to the approved occupier or approved beneficiary in order to upgrade their tenure to full title via a Title Deed</i>	<p>A housing opportunity is access to* and/or delivery of one of the following housing products:</p> <p>(A) subsidy housing (BNG), which provides a minimum 40 m² house;</p> <p>(B) incremental housing, which provides a serviced site with or without tenure;</p> <p>(C) rental housing, which is new community residential units, upgrading and redevelopment of existing rental units;</p> <p>(D) People's Housing Process, i.e. beneficiaries who maximise their housing subsidy by building or organising the building of their homes themselves;</p> <p>(E) land restitution including land approved by Council or court decisions transferred to valid claimants;</p> <p>(F) social housing, namely new rental units delivered by the municipalities social housing partners; or</p> <p>(G) gap housing, which is a serviced plot, a completed unit for sale or affordable units for sale. * "Access to" means the same as contemplated in section 26(1) of the Constitution of the Republic of South Africa, 1996,</p>	Number	180	154	400	-	300	300	300

	namely “Everyone has the right to have access to adequate housing”. An approved beneficiary is the person who has been approved for a housing grant by the Provincial Department of Human Settlements, in terms of the Housing Act. The approved occupier is the person with whom the Municipality has entered into a sales agreement in order to purchase the property.								
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Table 25: Housing Service Policy Objectives Taken From IDP

Chapter 3

Employees: Housing Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	1	1	1	0	0%
13 - 15	0	1	0	1	100%
10 - 12	2	2	2	0	0%
7 - 9	7	8	7	1	13%
4 - 6	4	5	5	0	0%
0 - 3	0	0	0	0	0%
Total	14	17	15	2	12%

Table 26: Employees: Housing Services

Financial Performance Year 2012/2013: Housing Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	61 435	44 221	59 092	61 735	40%
Expenditure:					
Employees	3 886	3 871	3 877	3 735	(3)%
Repairs and Maintenance	205	12	155	245	1976%
Other	57 989	37 126	47 976	50 797	37%
Total Operational Expenditure	62 080	41 008	52 007	54 777	34%
Net Operational Expenditure	646	(3 213)	(7 085)	(6 958)	117%

Table 27: Financial Performance Year 2012/2013: Housing Services

Capital Expenditure Year 2012/2013: Housing Services					
R' 000					
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	12 192	15 304	16 209	33%	
Knysna Vision 2002 infrastructure	10 000	12 981	14 293	43%	83 274
Electrification Infill Erven	2 192	2 192	1 800	(22%)	1 800
Housing Support Centre and Fire Station	-	131	115	-	115

Table 28: Capital Expenditure: Housing Services

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 97(1)(c) of the Municipal Systems Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution.

Trends in demand for free or subsidised basic services

Knysna's criteria for supporting free or subsidised basic services are set out in the indigent support and social rebate policy.

The obligation rests on citizens to apply for this social rebate and may be granted to the owner in respect of one dwelling unit only, used exclusively for residential purposes and provided the owner submits acceptable proof that the combined gross monthly income of the householders does not exceed :-

Income Group	Per annum
R 0 - R 2 500	a reduction of 100%
R 2 501 - R 3 500	a reduction of 50%
R 3 501 - R 4 000	a reduction of 25% ⁴

⁴ 2012/2013 Council approved municipal tariffs

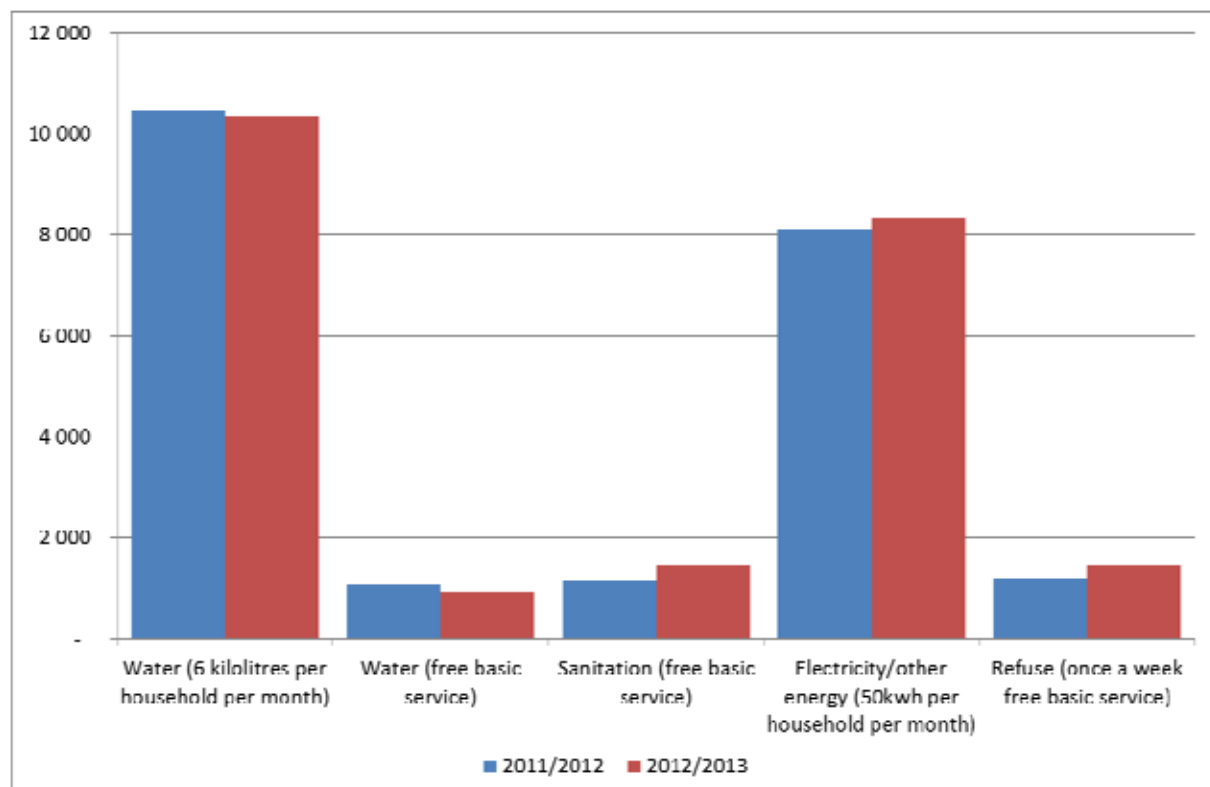
The Government allocates revenue via the Division of Revenue Act (DORA) in the form of the Equitable Share Grant with the primary aim of assisting municipalities with the costs of providing free or subsidised basic services. Any costs over and above the Equitable Share allocation are met by the Municipality.⁵

Indigent Support Objectives

The objective of Indigent Support is to ensure the following:

- * The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council;
- * To provide procedures and guidelines for the subsidisation of rates and basic service charges to its indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines;
- * That Council recognises that many of the residents can simply not afford the cost of full provision and for this reason Council will endeavour to ensure affordability through:
- * To set rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and
- * To determine appropriate service levels.

Knysna Municipality has through the years proved that it does not only spend its money on the poor, it also has an excellent track record for being one of only a few in the country that has attempted to maintain a balance between providing for the indigent while still addressing needs in more affluent neighbourhoods⁶



⁵ 2013/2014 MTREF approved 30 May 2013

⁶ 2013/2014 IDP Mayor's Foreword

Free Basic Services To Low Income Service Users												
Year	Households earning less than R2 500 per month											
	Water			Sanitation			Electricity			Basic Refuse		
	Total	Free Basic Access	%	Total	Free Basic Access	%	Total	Free Basic Access	%	Total	Free Basic Access	%
2011/2012	10 480	1 091	10%	9 774	1 150	12%	18 475	8 094	44%	12 635	1 184	9%
2012/2013	10 350	917	9%	9 905	1 454	15%	18 562	8 331	45%	12 793	1 465	11%

Table 29: Free Basic Services to Low Income Consumers

Financial Performance Year 2012/2013: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2011/2012	2012/2013			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	1 507	1 883	1 883	2 065	9%
Waste Water (Sanitation)	818	876	876	1 049	16%
Electricity	2 805	2 340	2 340	3 063	24%
Waste Management (Solid Waste)	940	972	972	1 254	22%
Total	6 070	6 071	6 071	7 430	18%

Table 30: Financial Performance Year 2012/2013: Cost to Municipality of Free Basic Services Delivered

Chapter 3

Free Basic Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>The number of single residential properties earning less than R2500 per month with access to free basic services. WATER</i>	This indicator reflects the 100% social rebate granted in respect to the annual water availability fee charged to qualifying home owners of single residential properties.	Number	1 697	1 091	1 370	917	1 410	1 430	1 440
<i>The number of single residential properties earning less than R2500 per month with access to free basic services; SANITATION/SEWERAGE</i>	This indicator reflects the 100% social rebate granted in respect to the annual sanitation fee charged to qualifying home owners of single residential properties.	Number	1 697	1 150	1 370	1 454	1410	1 430	1 440
<i>The number of single residential properties earning less than R2500 per month with access to free basic services; ELECTRICITY</i>	This indicator relates to the Pre-Paid Electricity Tariff Electrification Housing Scheme (Limited to 20A) limited to 400kWh and first 50kWh free	Number	7 470	8 094	8 100	8 331	8350	8 600	8 850
<i>The number of single residential properties earning less than R2500 per month with access to free basic services; SOLID WASTE/REFUSE</i>	This indicator reflects the 100% social rebate granted in respect to the annual solid waste fee charged to qualifying home owners of single residential properties.	Number	1 697	1 184	1 370	1 465	1410	1 430	1 440

Table 31: Free Basic Service Policy Objectives Taken From IDP

Chapter 3

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS

A characteristic of Knysna Municipality is that the N2 is running through the two major economic centres which are Knysna and Sedgefield and this obviously has its advantages and disadvantages. From an economic perspective it serves as the main artery of economic stimulation to the area. This also places Knysna strategically as the gateway to the Eastern Cape, as well as the Western Cape.

It does however increase the volume of traffic significantly resulting in increased maintenance to be undertaken on this road. A by-pass has been proposed as an alternative route to relieve the traffic congestions experienced, particularly during the holiday season in Knysna and Sedgefield. SANRAL indicated that the Knysna N2 by-pass environmental impact assessment is complete and they are awaiting the ROD from the Department of Environmental Affairs in Pretoria.

All the towns and settlements in the municipal area are connected with fairly good quality formal roads which assists the connectivity between the towns and the neighbouring municipalities. The condition of roads in the Greater Knysna Municipal Area has deteriorated rapidly over the past few years due to aging of the infrastructure, a dramatic increase in traffic volumes – particularly heavy vehicles, the lack of funding for maintenance and the impact of floods which the area encountered over the past few years.

Knysna Municipality has 240 km of tarred road of which 74% of these roads are in a good condition, 19% in a fair condition and 7% in a poor condition. The Municipality has a dedicated program in place to upgrade the roads in poor condition with the limited resources available and are maintaining the good roads with the annual reseal programme. The municipality also has to maintain approximately 70km of gravel roads within its area of jurisdiction. It is estimated that these gravel roads would only be upgraded within the next 30 years if an annual budget allocation of R 6 million per annum is available over this period of time.

Many roads in the informal settlements such as Dam se Bos, Edameni, Hlalani, Sizamile, and Ethembeni are poor and thus accessibility is difficult for medical and rescue services. A roads upgrading project in Dam-se-Bos was undertaken this financial year and it made a significant impact in terms of the access for that particular community. The Municipality has made provision for resealing, graveling and rehabilitation of roads in some of the more seriously affected areas, but these efforts are greatly hampered by budgetary constraints.

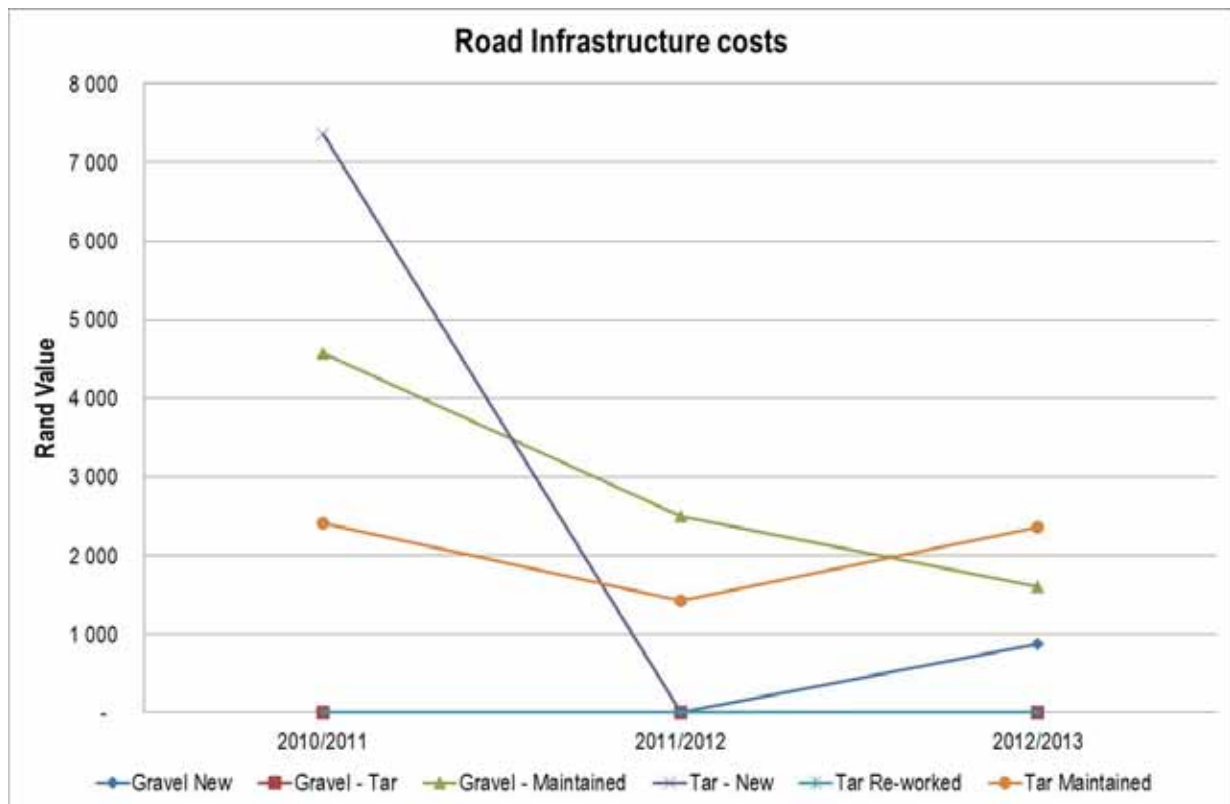
Gravel Road Infrastructure				
	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2010/2011	46	0	1	46
2011/2012	between 46 and 53	0	0	46-53
2012/2013	53	0.7	0	53.7

Table 32: Gravel Road Infrastructure

Tarred Road Infrastructure					
	Kilometres				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2010/2011	240	0	0	0	240
2011/2012	241	1	0	0	240
2012/2013	241	0	0	0	241

Table 33: Tarred Road Infrastructure

Cost of Construction/Maintenance						
	R' 000					
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2010/2011	0	0	4 578	7 368	0	2 406
2011/2012	0	0	2 498	0	0	1 426
2012/2013	870	0	1 600	0	0	2 359



Chapter 3

Road Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
Submit the updated pavement management system to Council every three years	The Pavement Management System (PMS) is a report on the condition of Knysna's roads as a result of an inspection on site. The system contains the results of the inspection, proposes required remedial actions and lists these in priority and provides cost estimates. The PMS gives input in to the annual and long term budget as well as tracks the back logs. It displays the information visually and groups the output in towns as well as suburbs.	Number	-	-	1	1	-	-	1

Table 34: Road Service Policy Objectives Taken From IDP

Chapter 3

Employees: Road Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 – 20	0	0	0	0	0%
16 – 18	0	0	0	0	0%
13 – 15	0	1	0	1	100%
10 – 12	2	4	2	2	50%
7 – 9	8	8	8	0	0%
4 – 6	25	28	27	1	4%
0 – 3	37	41	41	0	0%
Total	72	82	78	4	5%

Table 35: Employees: Road Services

Financial Performance Year 2012/2013: Road Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 235	4 070	2 236	1 971	(52)%
Expenditure:					
Employees	8 049	9 084	9 089	8 345	(8)%
Repairs and Maintenance	4 643	3 981	4 072	4 192	5%
Other	13 465	12 041	12 041	13 076	9%
Total Operational Expenditure	26 158	25 106	25 202	25 613	2%
Net Operational Expenditure	23 923	21 036	22 966	23 642	12%

Table 36: Financial Performance Year 2012/2013: Road Services

Capital Expenditure Year 2012/2013: Road Services					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 821	3 314	2 662	(30%)	
Rehabilitate Seawalls	1 000	1 026	781	(22%)	781
Sedgefield Taxi Rank	558	558	528	(5%)	528
Hornlee Intersections	-	490	473	-	473
Sedgefield dune rehabilitation	-	344	344	-	344
Total of sundry projects	2 263	896	536	(76%)	

Table 37: Capital Expenditure: Road Services

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING)

Integrated Transport Plan

The Integrated Transport Plan for the Eden District was adopted in 2010 and incorporates a component focussing on Knysna Municipality. The municipality actively participates in the continuous evolution and implementation of this plan. The transport vision as set out in the ITP for the Eden District is:

"The vision for 2015 is a demand-responsive, sustainable, balanced and equitable rural transport system that allows the basic access needs of individuals to be met, is affordable, operates efficiently, offers choice of transportation modes, and supports a vibrant economy."

Chapter 3

Transport Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Participate in the development of an Integrated Transport Plan</i>	The five year Integrated Transport Plan for the Eden District was adopted in 2010 and incorporates a component focussing on Knysna Municipality and is reviewed on an annual basis. The Municipality actively participates in the continuous evolvement and implementation of this plan, budget permitting.	Number	-	-	-	-	1	1	1

Table 38: Transport Service Policy Objectives Taken From IDP

Chapter 3

Employees: Transport Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 – 20	0	0	0	0	0%
16 – 18	0	0	0	0	0%
13 – 15	0	0	0	0	0%
10 – 12	1	1	1	0	0%
7 – 9	2	2	2	0	0%
4 – 6	5	6	5	1	17%
0 – 3	2	2	2	0	0%
Total	10	11	10	1	9%

Table 39: Employees: Transport Services

Financial Performance Year 2012/2013: Transport Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 620	3 490	3 490	3 467	(1)%
Expenditure:					
Employees	1 886	2 084	1 871	1 792	(14)%
Repairs and Maintenance	5	-	1	0	-
Other	876	852	857	834	(2)%
Total Operational Expenditure	2 767	2 936	2 729	2 626	(11)%
Net Operational Expenditure	(853)	(554)	(761)	(841)	52%

Table 40: Financial Performance Year 2012/2013: Transport Services

3.9 WASTE WATER (STORMWATER DRAINAGE)

Storm water and the drainage thereof remains a challenge due to funding constraints, terrain, ageing infrastructure and staff shortages. Informal and illegal systems also multiply the effects. Mitigating against flooding and inadequate drainage remains the top priority.

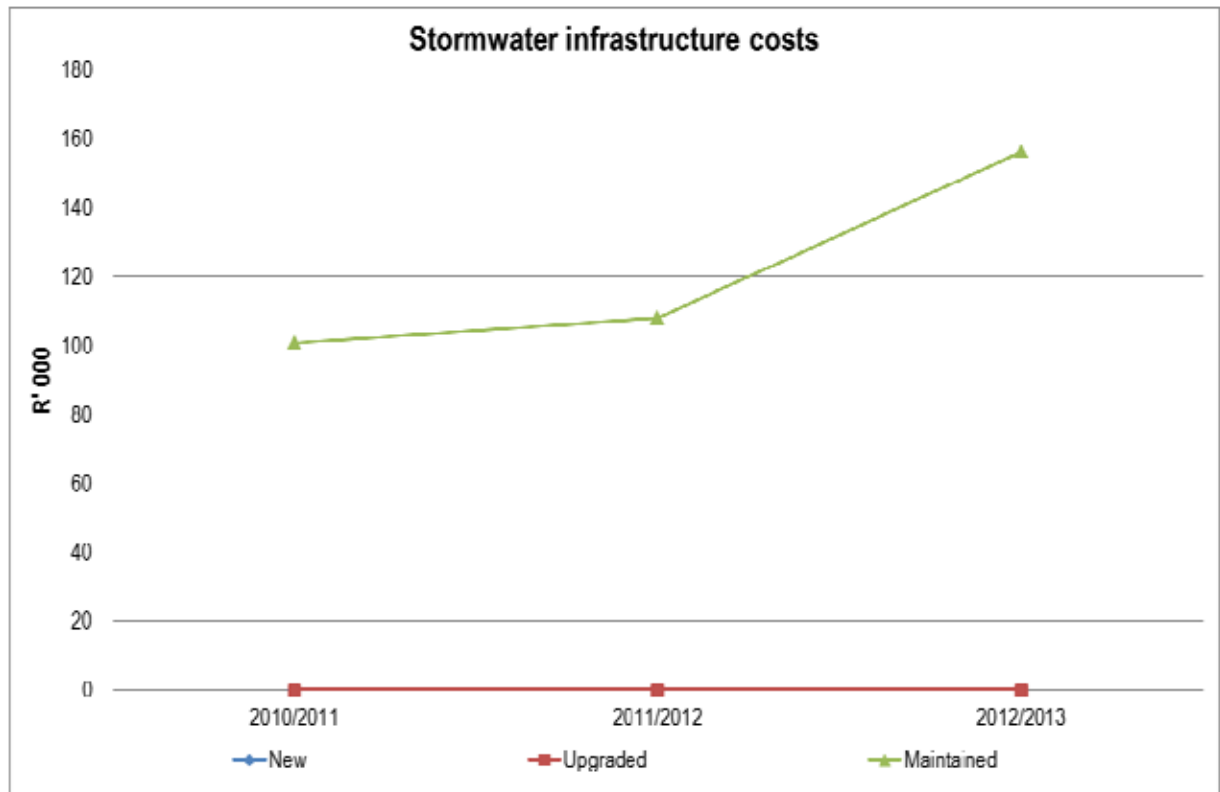
A number of informal areas are still not adequately serviced and continue to suffer losses during floods largely as a result of under-engineering based upon national minimum standards which in turn impact on funding availability. Furthermore areas such as Hornlee require significant work on the storm water system to mitigate against continual losses at times of floods and heavy rains. Again these areas were initially under-engineered when they were developed and almost no provision was made for township expansion.

Storm water Infrastructure				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2010/2011	24	0	0	24
2011/2012	24	0	0	24
2012/2013	24	0	0	24

Table 41: Storm water Infrastructure

Cost of Construction/Maintenance			
	Storm water Measures		
	New	Upgraded	Maintained
2010/2011	0	0	101
2011/2012	0	0	108
2012/2013	0	0	156

Table 42: Cost of Construction/Maintenance



Chapter 3

Storm water Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
Develop a Storm Water Master-Plan	Develop a five-year master Storm Water Master-Plan to manage storm water networks in Knysna Municipality. The Storm Water Master-Plan will be approved by Council every five years with 2016/2017 being the first year and will be reviewed annually. For 2016/2017	Number	1	0	-	-	-	-	-

Table 43: Storm water Policy Objectives Taken From IDP

Chapter 3

Employees: Storm water Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	0	0	0	0%
10 - 12	0	0	0	0	0%
7 - 9	1	1	1	0	0%
4 - 6	0	0	0	0	0%
0 - 3	1	2	1	1	50%
Total	2	3	2	1	33%

Table 44: Employees: Storm water Services

Financial Performance Year 2012/2013: Storm water Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	1 247	1 687	1 687	971	(42)%
Repairs and Maintenance	122	217	148	156	(28)%
Other	1 122	1 606	1 643	935	(42)%
Total Operational Expenditure	2 490	3 510	3 478	2 062	(41)%
Net Operational Expenditure	2 490	3 510	3 478	2 062	(41)%

Table 45: Financial Performance Year 2012/2013: Storm water Services

COMPONENT C: PLANNING AND DEVELOPMENT

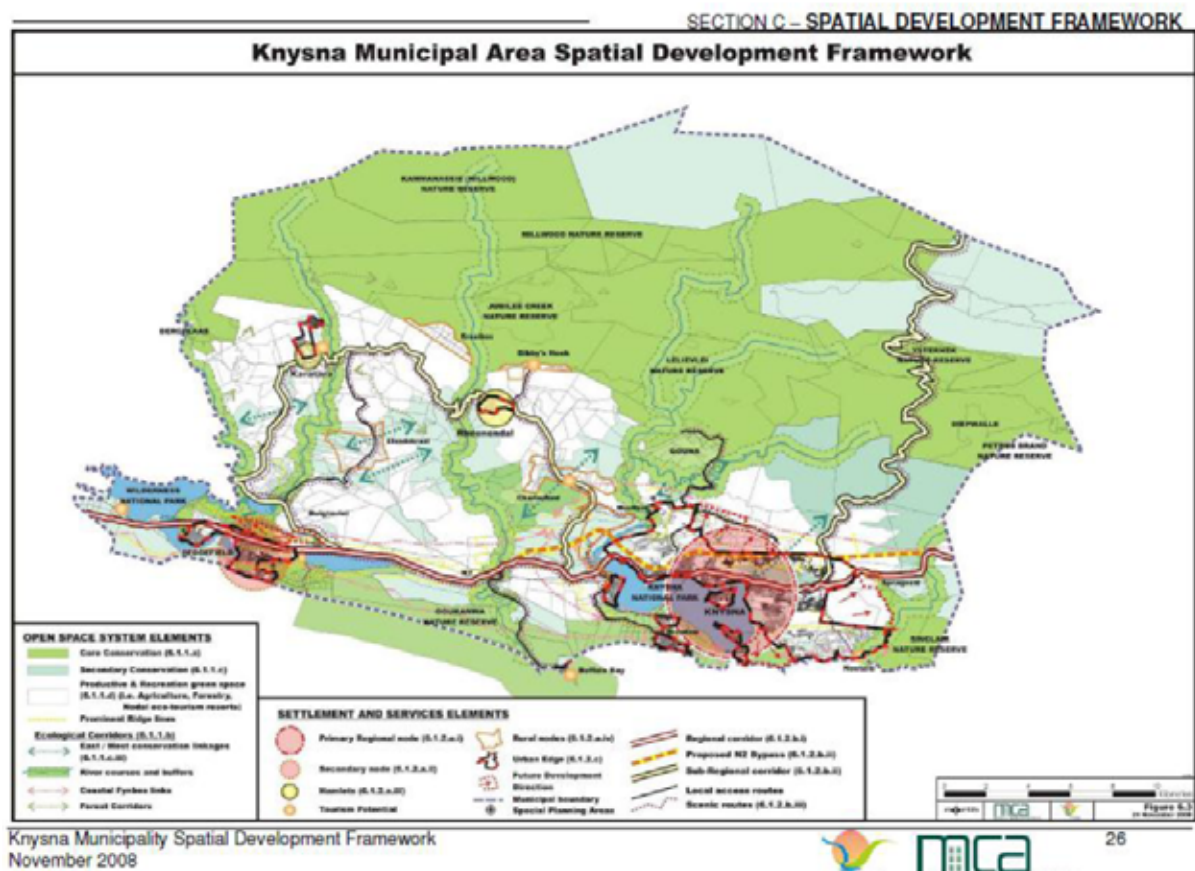
This component includes: planning; building control and integrated human settlements.

3.10 PLANNING

Spatial Development Framework (SDF)

Knysna Municipality's Spatial Development Framework (SDF), as prepared by MCA Planners, was approved by Knysna Council in 2007 in terms of the Municipal Systems Act (MSA).

The map below represents a graphic impression of the current Spatial Development Framework. As illustrated on the map, the municipality consists of two major nodal development areas. The town of Knysna is the primary node which acts a commercial and administrative centre for the Greater Knysna Municipal Area, while Sedgefield is regarded as a secondary node which serves the commercial and administrative needs of the surrounding communities. Over and above the two identified nodes, the municipal area consists of two more hamlets, namely Rheenendal and Karatara and other areas with significant tourism potential.



The major structuring element around the nodes is the pre-determined urban edge which curbs the outward sprawl of these areas. The urban edge is also there to prevent leap-frog development over agricultural land. Decisions over what development is appropriate over what land are to a large extent directed by the fact of whether or not the land falls within an urban edge. Other structuring elements include access routes, regional corridors and scenic routes. The desired spatial form of the municipal area is summarised on this plan and the direction which development will take in the medium to long term is shown by means of directional arrows.

The spatial development framework provides an overview of where priority spending is going to take place and where various land uses are more likely to be supported. The intention of the SDF is not to confer development rights on individual land parcels but to provide guidelines for future decision making purposes.

Between 2009 and 2011 Knysna Municipality engaged in the Built Environment Support Programme (BESP). The BESP is an initiative of the Western Cape Department of Environmental Affairs and Development Planning, in partnership with

the Department of Human Settlements, in terms of which support is provided to municipalities to improve the credibility of their SDFs and Human Settlement Plans (HSP"s).

The participation of the Municipality in the BESP process resulted in certain refinements to the SDF, as well as the identification of a number of additional components that are required to make the SDF a fully functional document.

In the interim the Council has identified constraints that would hinder the process of amending the SDF as required in terms of the outcomes of the BESP process. Essentially these constraints are:

- There is a lack of adequate information, especially demographic information and economic information on the basis of which to develop a credible plan; and
- There is a need for a clear vision for the future development of the municipal area to inform the detailed plan for the next five years.

Development within the Greater Knysna Municipal Area is also currently guided by the following:

- Economic Development Strategy
- Human Settlement Plan
- Environmental Management Framework

However, each of the abovementioned documents in itself has certain limitations, and they are not adequately aligned to one another. More importantly, they were all developed at the stage when the Knysna municipal area was in the middle of an unsustainable economic boom, fuelled by a property development bubble. The economic downturn since 2008 has completely changed the environment in which the municipality operates and has necessitated a fundamental re-evaluation of the strategic plans of the municipality.

Integrated Strategic Development Framework

In order to ensure a co-ordinated, up-dated and integrated approach to development planning and development management, the municipality has decided to review all these key planning documents in one integrated exercise that will produce an Integrated Strategic Development Framework (ISDF). This ISDF must be developed in such a way that either the document as a whole or discreet component of it will satisfy all the statutory requirements related to the component parts. The ISDF process will not replace the Integrated Development Plan (IDP) of the municipality but will rather constitute a combined suite of sector plans within the IDP. As such it is important to recognise that the ISDF should comprise a detailed, implementation oriented output, as opposed to a high level policy output.

The objective of this project is to incorporate the review, integration and alignment of the Spatial Development Framework, the Economic Development Strategy, the Human Settlement Plan as well as the Strategic Environmental Assessment. Using a holistic and integrated approach to planning and development that harnesses the resources and skills of all stakeholders in a uniform and coherent manner the ISDF must produce a single coherent strategic document that encompasses detailed, action and implementation oriented sector plans that are fully compliant with all legislative and policy requirements. These sector plans are to be situated within the purview of the Integrated Development Plan (IDP) of Knysna Municipality.

A comprehensive Terms of Reference for the ISDF process has been drafted which will also guide the functioning of the steering committee which has been established to oversee this process. The steering committee will act as an advisory and administrative body on which the following groups are represented:

- Management of Knysna Municipality
- National Government Sector Departments
- Provincial Government Sector Departments
- Adjoining municipalities

- Tourism authorities in the GKMA

Consequently, Council has appointed consultants to identify the data gaps, to collect the necessary data and to formulate a 30 year vision for the municipal area. This vision will inform the reformulation of the SDF, taking into account the recommendations of the BESP. Some of the planning aspects will be done in the current financial year but the bulk of the work will be done in the 2013/14 financial year with funding to be allocated from the annual budget of Knysna Municipality.

Building Control

The day to day processing of building control applications has been made much more efficient, and the capacity to monitor and report on the process has been dramatically improved by the implementation of the Collaborator based electronic business process. Using the same base the Town Planning application procedure will be fully electronically managed by the end of the financial year.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013
Planning application received	6	-	14	17	102	158
Determination made in year of receipt	3	-	3	9	72	146
Determination made in following year	3	-	11	4	30	12
Applications withdrawn	4	-	4	5	4	20

Table 46: Applications for Land Use Development

Spatial planning

Besides the ISDF, Knysna Municipality in partnership with a local business have embarked on a process to develop a comprehensive Local Structure Plan for the Rheenendal area. Currently the existing SDF does not provide any clear guidance for future land use in the Rheenendal area and a number of challenges are being experienced, which include the following:

- Historical industrial zoning rights for area surrounding the sawmill;
- Need for additional land for human settlement;
- Need for educational facilities;
- Various tourism initiatives;
- Decline in agricultural activities;
- Socio-economic decline of existing settlements;
- Urban and socio-economic integration of settlements; and
- Environmental Conservation

Human Settlement Planning

The shift in Housing Policies at both national and provincial spheres of government necessitates the compilation of a comprehensive holistic view of settlement planning and development. The new policies are conceptualized in the

National Housing Policy (Breaking New Ground) and in the Western Cape Integrated Human Settlements Policy (Isidima). The plan focuses on good accommodation locations, access to job opportunities, housing typology, variety of tenure and provision of education, health, transport and other socio-economic facilities that would contribute to integrated and sustainable settlement development.

Knysna Municipality adopted its Integrated Sustainable Human Settlement Strategy in 2008 which also incorporates the Human Settlement Plan (HSP). This strategy not only conceptually illustrates how housing projects could contribute to creating integrated human settlements, but also identifies pilot projects for the municipal area as well as policy, budgets and land options for at least the next 5 years. The Human Settlement Plan is currently being reviewed as part of the ISDF process of the municipality and will aim to achieve the following objectives:

- To develop a holistic approach towards housing development inclusive of the municipality's in-situ upgrading plans;
- To develop a comprehensive strategy for the transfer of existing rental stock as well as a proposal for the development of innovative rental options;
- To develop a strategy for the provision of Breaking New Ground (BNG) and entry level bonded housing products as well as all other housing opportunities;
- To develop a strategy for housing project linked homes and other forms of housing provision considered appropriate to address the housing needs of the communities in Knysna Municipality; and
- To develop a strategy for densification and alternative development methods.

The reviewed HSP must be able to indicate how many housing opportunities of what sort are to be provided, where and when over the short, medium and long term. It must also be able to address the current challenges experienced in terms of human settlement planning and how the municipality will be able to provide adequate housing opportunities to keep pace with the demand. In particular it should address how this will be achieved without placing stress on the Council's limited financial resources. The master planning of bulk infrastructure (water, sewerage and electricity) must also be aligned and integrated with the targets determined in the reviewed HSP.

It must be noted that migration and growth in population will always have an impact on the need for houses and the housing waiting list. The waiting list of 12 182 is made up as follows:

AREA	WAITING LIST
Barrington	194
Belvidere	11
Brenton	6
Buffelsbaai	13
Concordia	327
Hornlee	2 876
Karatara	103
Khayaletu	456
Knysna	6 757
Leeuwenbosch	3
Rheenendal	648
Sedgefield Sizamile-Smutsville	404

AREA	WAITING LIST
White Location	383
Total	12 181

Table 47: Municipal housing waiting list

Due to the scarce land availability, the planning methodology of Knysna Municipality is based on densification models and within this strategy Council is planning to develop the full range of BNG options. The planning of GAP housing and higher income developments will also be taken into consideration and the future challenge will be to develop housing models that will accommodate the whole spectrum of demand. The municipality also needs to engage the private sector in the development of human settlements and the ABSA and Own Haven developments are proof of Council's commitment to form strategic partnerships that will facilitate quality housing delivery in Knysna.

Human Settlements and Knysna Municipality is earmarked to receive level 1 and 2 accreditation from the Western Cape Provincial Department of Human Settlements. While this will mean that the municipality will have to improve its institutional capacity in the Department of Human Settlements, it will also place the municipality in an advantageous position to bring all its current projects to a state of readiness and unlock more funding for housing delivery and the implementation of bulk infrastructure. It is envisaged that a comprehensive summit will be held to consider all the above mentioned factors influencing housing delivery and determine innovative and collaborative approaches to address the huge demand for housing in the Greater Knysna Municipal Area.

The response required by the Human Settlement Plan can be summarised as follows:

Ward	Response Required	Municipal Action	Progress	Timeframe
1	Acquisition of land	Negotiations to be initiated	In progress	
2	150 Top structures Upgrading of bulk infrastructure	Application for funding to be submitted PGWC	In progress	2015/2016
3	800 serviced sites Top structures	To acquire additional land for relocation: Kruisfontein	Application for funding submitted to PGWC and is awaiting approval	2015/2025
4	65 Top structures 150 Rectification units	Application for funding to be submitted PGWC	In progress	2015/2016
5	60 Infill units 300 Greenfields project	Application for funding to be submitted PGWC	Application for funding submitted to PGWC and is awaiting approval	2012/2013 2016/2021
6	950 Serviced sites Top structures: (Ou Pad and Nekkies)	UISP application has been approved	Contractor is already on site for the implementation of phase 1	2012/2020
7	Rectification 103 houses	Project has been approved	In the process of repairing the structural defects on the houses	2012/2013

Ward	Response Required	Municipal Action	Progress	Timeframe
8	800 Top Structures	Application for funding to be submitted PGWC	Application for funding has been submitted to PGWC and is awaiting approval	2012/2017
9	Rectification of 300 houses	Project has been approved	In progress	2012/2017

Table 48: Implementation of the Human Settlement Plan

It is common knowledge that the delivery of housing is a National and Provincial competency, but it is being implemented by Local Government on an agency basis. A critical and strategic analysis of this arrangement is required within the medium term to determine the effect it has on housing delivery in general.

The increasing responsibilities that are placed on local municipalities in this regard have a direct effect on their financial viability. While a grant is provided for the installation of internal reticulation to the development, as well as the top structure, what is not provided for is funding for the necessary upgrading, repairs and maintenance on the bulk infrastructure as a result of the additional dwellings and population. It is estimated that a roll out of the current programs will result in Council having to contribute over R3 million per annum, excluding the life cycle costs to the housing delivery programmes.

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Planning Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Establishment of a Steering Committee for the development of the Integrated Strategic Development Framework</i>	The indicator captures the establishment of the Steering Committee which will drive, guide and manage the ISDF process. The minutes are signed as an indication of approval and that they are an accurate reflection of the meeting.	Number	-	-	1	1	-	-	-
<i>Approval of building plans within 30 days for buildings less than 500m2 and 60 days for buildings larger than 500m2 after all information required is correctly submitted</i>	Percentage of applications approved within statutory timeframes (30 – 60 days). The objective is to improve approval time of the applications. The approval of building plans is measured within the statutory timeframes of < 500 m2 (30 days) and > 500 m2 (60 days). Refer section A7 of the National Building Regulations Act (Act 103 of 1977).	Percentage	80	93	80	97	-	-	-
<i>Processing of land use applications within 90 days after receipt of all outstanding and relevant information and documents</i>	The indicator measures the percentage of applications processed within timeframes (90 days). The objective is to improve processing time of the applications. This is not a statutory timeframe, but one set as a target to expedite turnaround times for application.	Percentage	90	87	80	82	-	-	-
<i>Development of a draft Integrated Strategic Development Framework (ISDF) and table first draft to Council</i>	To develop an Integrated Strategic Development Strategy – which integrates the review of the Human Settlement Plan, Economic Development Strategy, Environmental Management Plan, Spatial Development Framework and the Rural Development Strategy	Number	-	-	-	-	1	-	-
<i>Participation in Land Use and Spatial Planning legislation development</i>	Participate in provincial and national Land Use and spatial plan legislation development meetings	Number	-	-	-	-	4	-	-

Table 49: Planning Policy Objectives Taken From IDP

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Employees: Planning Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	1	0	1	100%
13 - 15	3	3	3	0	0%
10 - 12	5	6	5	1	17%
7 - 9	1	1	1	0	0%
4 - 6	2	3	2	1	33%
0 - 3	0	0	0	0	0%
Total	11	14	11	3	21%

Table 50: Employees: Planning Services

Financial Performance Year 2012/2013: Planning Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 891	1 945	1 882	1 351	(31)%
Expenditure:					
Employees	4 924	4 649	5 131	5 297	14 %
Repairs and Maintenance	-	-	-	-	-
Other	1 222	1 693	1 691	1 037	(39)%
Total Operational Expenditure	6 145	6 342	6 822	6 334	(0)%
Net Operational Expenditure	4 254	4 397	4 940	4 984	13 %

Table 51: Financial Performance Year 2012/2013: Local Economic Development Services

Capital Expenditure Year 2012/2013: Planning Services					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	86	-	
Leased Office Machines	-	-	86	-	86

Table 52: Capital Expenditure: Planning Services

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Economic Development Strategy

The Municipality's approach to economic development is in the process of adaptation and refocusing. Essentially the municipality aims to identify the competitive advantage of the municipal area and develop strategic initiatives to facilitate the optimization of investment opportunities to promote sustainable economic growth and employment creation. The integration of the National Development Plan (Republic of South Africa, 2011) is a key aspect of economic development for Knysna Municipality as the national objectives of the national development plan proposes to invigorate and expand the economic opportunity through investment in infrastructure, more innovation, private investment and entrepreneurialism. The objectives of the NDP include the following:

- Creating jobs and livelihoods
- Expanding infrastructure
- Transitioning to a low-carbon economy
- Transforming urban and rural spaces
- Improving education and training
- Providing quality health care
- Building a capable state
- Fighting corruption and enhancing accountability
- Transforming society and uniting the nation

Economic development is seamless which prompted Knysna Municipality to partner with the national, provincial and district municipality as well as neighbouring local municipalities to pursue economic development initiatives which will cross all administrative boundaries. Eden District Municipality has developed its own LED plan which has an impact on the Greater Knysna Municipal Area.

The municipality is in the process of reviewing its Economic Development Strategy as part of the ISDF process and will re-evaluate its approach towards facilitating economic growth in the area. The review process will focus on exploring feasible economic development opportunities in the GKMA; the effective and continued implementation of economic development strategies and programmes; and feasible interventions. The key issues that the revised Economic

Development Strategy seeks to address include the stimulation of economic growth; infrastructure investment; alleviation of poverty through sustainable job creation; and skills development as well as the diversification of the economic base for effective investment. The review process will take cognizance of the following pillars to stimulate economic development in the Greater Knysna Municipal Area:

- Increased Accessibility
- Infrastructure Investment
- Wealth Creation
- Broadening Economic Base
- Attracting Visitors and Investors
- Conducive LED Environment

The table below indicates the various economic development initiatives planned for the next five years:

Developmental Programme/Requirement	Municipal Action	Stakeholders involved	Timeframe	Budget (if available)
Establishment of adequate institutional capacity for Economic Development	Establishment of a well-resourced Economic Development unit in the municipality	Knysna Municipality	2013	
Review the Economic Development Strategy	Incorporates the review of the Economic Development Strategy in the ISDF process	Knysna Municipality	2013-2014	
Strategy implementation	Refining the project implementation plan	Knysna Municipality	Annually	
Market engagement with potential funding organisations/developers/other stakeholders	Identification of potential funding organizations and develop and submit business plans and funding applications	Knysna Municipality and key stakeholders	2013	
Investment promotion strategy & Red Tape Reduction Strategy	Marketing strategy to attract business and reduce red tape within the organisation	Knysna Municipality	2013-2014	150 000
Ensure that SMME's are being supported through strategic interventions	SMME Incubator programme	Knysna Municipality	2013-2014	300 000
	Small business support	Knysna Municipality	2013	40 000
Skills Training	Plans to address skills development through training and mentorship programmes across various sectors	Knysna Municipality	2013	300 000
Enterprise development	Upgrading of Informal trading sites	Knysna Municipality	2013	500 000

Table 53: Five Year Planned Development Initiatives

Economic Activity by Sector		
Sector	2011/2012	
	GGP as a %	GGP growth rate (2010-2011)
Agriculture, forestry and fishing	4.8	-2.2%
Mining and quarrying	0.2	0.3%
Manufacturing	12.1	1.9%
Electricity and water	1.4	-7.6%
Construction	12.1	1.9%
Wholesale and retail trade	23.7	9.2%
Transport and communication	5.8	7.1%
Finance, and business services	25.4	6.0%
Community, social and other personal services	6.3	4.4%
General government services	8.4	6.6%
Total	100	

Table 54: Economic Activity by Sector

Economic Employment by Sector	
Formal and Informal Employment	
Sector	2011/2012
	Percentage Distribution
Agriculture, forestry and fishing	5%
Mining and quarrying	1%
Manufacturing	9%
Electricity and water	0%
Construction	13%
Wholesale and retail trade	30%
Transport and communication	2%
Finance, and business services	14%
Community, social and other personal services	13%
General government services	12%

Economic Employment by Sector	
Formal and Informal Employment	
Sector	2011/2012 Percentage Distribution
Total	100%

Table 55: Economic Employment by Sector

Jobs Created during Year 2012/2013 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)	1 882	0	1 882	Project Manager Feedback
2010/2013	51	0	51	Project Manager Feedback
2011/2012	72	0	72	Project Manager Feedback
2012/2013	1 759	0	1 759	Project Manager Feedback

Table 56: Jobs Created during Year 2012/2013 by LED Initiatives (Excluding EPWP projects)

Job creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/2013	11	1 636

Table 57: Job creation through EPWP projects

Chapter 3

Local Economic Development Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
Comprehensive Rural Development Programme (CRDP)	Rheenendal and Karatara rural wards have been identified and activated as Comprehensive Rural Development Wards as part of Department of Rural Development's CRDP initiative. The purpose of the programme is to harness all resources from various sources to provide key interventions to enable economic development within these rural settlements.	Number	-	-	1	1	-	-	-
Formulation of draft development plans for Rheenendal and Karatara CRDP nodes	Rheenendal and Karatara rural wards have been identified and activated as Comprehensive Rural Development Wards as part of Department of Rural Development's CRDP initiative. The purpose of the programme is to harness all resources from various sources to provide key interventions to enable economic development within these rural settlements. Development plans in this regard will be drafted.	Number	-	-	-	-	2	-	-
Submit draft policy on informal trading to Council	The Knysna Municipality recognises informal trading as a positive development in the micro business sector as it contributes to the creation of jobs and has the potential to expand further the Knysna Municipality's economic base. The Knysna Municipality recognises its responsibility towards informal traders as part of their ED strategy and wishes to embody this in this policy. In order to encourage economic growth this sector has to be encouraged to develop from survivalist to more formal business enterprises. It is generally understood that different levels of trading exist within the Informal Trading sector namely Level 1: Survivalist Trading (Makes sufficient income to sustain trader and family), Level 2: Informal Trading (Makes sufficient to support personal and family needs but is also able to operate on a profit basis) and Level 3: Formal Trading (Has a fixed location and is run on formal business principle). The policy aims to guide the municipality in facilitating the movement of traders through these levels. In addition the policy will guide the municipality in the management of the municipal land on which the trading takes place.	Number	-	-	1	1	-	-	-

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Local Economic Development Policy Objectives Taken From IDP									
<i>Number of Expanded Public Works Programme (EPWP) job opportunities created</i>	This indicator measures the number of work opportunities created through the Expanded Public Works Programme (EPWP). An EPWP work opportunity is paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes.	Number	-	82	500	1 316	550	600	650
<i>Number of Expanded Public Works Programme (EPWP) job opportunities created</i>	Number of Expanded Public Works Programme (EPWP) job opportunities created for youth and woman.	Number	-	-	400	767	420	430	440
<i>Develop a Place Marketing Strategy</i>	To submit to Council for approval a marketing and investment plan, possibly including investment incentives, with the objective of promoting the utilisation of vacant serviced sites for commerce and industry	Number	-	-	-	-	1	-	-

Table 58: Local Economic Development Policy Objectives Taken From IDP

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Employees: Local Economic Development Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	1	1	0	0%
10 - 12	2	2	2	0	0%
7 - 9	0	0	0	0	0%
4 - 6	3	3	3	0	0%
0 - 3	0	0	0	0	0%
Total	5	6	6	0	0%

Table 59: Employees: Local Economic Development Services

Financial Performance Year 2012/2013: Local Economic Development Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2	-	250	268	-
Expenditure:					
Employees	618	20	1 088	1 135	5 574%
Repairs and Maintenance	-	-	-	-	-
Other	371	789	809	594	(25)%
Total Operational Expenditure	989	809	1 896	1 729	114%
Net Operational Expenditure	987	809	1 646	1 461	81%

Table 60: Financial Performance Year 2012/2013: Local Economic Development Services

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries; museums and heritage; community halls; cemeteries; child care; aged care; social programmes, sport and parks.

Chapter 3

3.12 LIBRARIES; MUSEUMS AND COMMUNITY FACILITIES

Libraries

The Knysna Town library is being expanded with financial assistance from the Municipal Infrastructure Grant and the Western Cape Government. Given that this service is operated on an agency agreement with the Provincial Government, strategic consideration will be required for any further expansion of the library service. As most of the libraries are in the urban areas, the municipality also utilises the wheelie wagon library service to reach out to remote rural areas.

Service Statistics - Libraries			
Type of service	2010/2011	2011/2012	2012/2013
Number of Libraries	10	11	11
New library service points or Wheelie Wagons (Fairview)	0	1	0
Library members	30 173	28 788	30 183
Books circulated	405 272	366 969	349 683 *
Exhibitions held	36	120	96
Internet access terminals	15	21	10 #
Children programmes	432	480	504
Visits by school groups and crèches	180	212	276
Primary and Secondary Book Education sessions	50	63	65

Table 61: Service Statistics - Libraries

- * There has been a decline throughout the province attributed to the decline in number of new books purchased by province versus new libraries established due to budgetary constraints. As well as teething problems associated with the new computerised record management system resulting in inaccurate record keeping
- # Fewer computers connected to the internet in most instances one per library due to bandwidth related problems.

Multi-purpose Centres

MIG funding has been secured to investigate the establishment of a multi-purpose centres as part of the Thusong programme of the Provincial Department of Local Government. A preliminary feasibility study was been done on potential sites identified in wards 1 (Smutsville-Sizamile), 4 (White Location) and 5 (Rheenendal), as depicted in the tabled below. The outcome of this preliminary feasibility study indicated that the facility should be placed in White Location. However, the other two areas' halls will also be upgraded and further developed.

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WARD	LOCATION	SERVICE AREA
1	Smutsville	This Centre will service the communities of Smutsville, Sizamile, Sedgfield, Karatara as well as possibly Kleinkrantz which forms part of neighbouring George Municipality. There is a hall in the area which can be upgraded.
4	White Location	This location is preferred by the municipality because it is centrally located within Knysna, which is regarded as a primary growth and development node. It is on the western side of the Northern Areas and provides a wonderful opportunity to breakdown the spatial barriers between communities. The largest concentration of people in the Greater Knysna Municipal Area reside in this predominantly poor community and most of them require easy access to most government services
5	Rheenendal	The availability of suitable land for the development of a Centre prompted the municipality to identify this location. It will service the areas of Karatara, Rheenendal and possibly Sedgfield. There is a community hall and a community service centre where services are provided.

Table 62: Feasibility study areas for Thusong centres

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Libraries; Museums; Community Facilities; Other Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Feasibility Report on the establishment of 3 Multi-Purpose Centres.</i>	The Multi-Purpose centres will serve as centres for the use of the broader community providing clustered multifunctional community facilities.	Number	-	-	3	3	-	-	-
<i>Completion of one Multi-purpose centre as a basis to operate Thusong programmes</i>	Completion of one Multi-Purpose Centre in White Location.	Number	-	-	-	-	-	-	3
<i>Design approval of upgrade to the Knysna library from 500 m2 to approximately 946 m2</i>	To provide additional floor space to cater for the increased number of patrons. Additional to comply as far as possible within physical limitations with provincial library service's norms and standards which stipulate that 'for every 1000 persons, a floor space of 100 square meters is required for the library to operate optimally'	Number	-	-	1	1	-	-	-
<i>Develop and submit a library outreach strategy.</i>	Indicator Definition To define the vision and to clarify the purpose of the library outreach programs and projects.	Number	-	-	1	1	-	-	-
<i>Develop a Library Customer Relations Policy.</i>	Indicator Definition Clarify and standardise the routine operational procedures of the library, especially as they relate to the borrowing privileges of the patrons.	Number	-	-	1	0	-	-	-

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Libraries; Museums; Community Facilities; Other Policy Objectives Taken From IDP									
<i>Compile a master maintenance plan for all municipal buildings</i>	The master maintenance plan for all municipal buildings to be commenced during 2012/13 will be used as a guide to determine budget requirements for refurbishment as well as repairs and maintenance required to optimise the condition of the buildings. Refurbishment relates to replacement of assets. Maintenance relates the actions required for an asset to achieve its expected useful life and repair relates to fixing of assets. Planned maintenance includes asset inspection and activities as required by the plan at the time it is required. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on maintenance and repairs are considered operational expenditure and are expensed in a single financial year if possible.	Number	1	0	1	1	-	-	-
<i>Appointment of Interns to the Youth Advisory Centres</i>	<p>Appointments of youth advisory interns to fulfill the following functions:</p> <ul style="list-style-type: none"> Assist in implementing programmes provided by the Youth Desk Market the Youth Desk in all areas of the community Provide information on all products and services for the Youth Mobilize young people to actively participate in youth development activities in the community Assist with planning, organizing and co-ordination of various events focussed on the youth Create working relations with other youth organisations and structures, NGO's and faith based organisations. Assist clients with basic computer skills, entrepreneurship development and job preparation (CV writing and interview skills) 	Number	-	-	-	-	4	-	-

Table 63: Libraries; Museums; Community Facilities and Other Policy Objectives Taken From IDP

Chapter 3

Employees: Libraries; Museums; Community Facilities; Other					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	2	2	2	0	0%
10 - 12	8	11	6	5	45%
7 - 9	8	8	8	0	0%
4 - 6	34	36	34	2	6%
0 - 3	7	14	12	2	14%
Total	59	71	62	9	13%

Table 64: Employees: Libraries; Museums; Community Facilities and Other

Financial Performance Year 2012/2013: Libraries; Museums; Community Facilities and Other					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 244	3 425	2 486	1 967	(43)%
Expenditure:					
Employees	5 846	6 782	6 723	6 309	(7)%
Repairs and Maintenance	347	229	450	383	67%
Other	3 643	3 968	3 949	3 886	(2)%
Total Operational Expenditure	9 836	10 979	11 122	10 578	(4)%
Net Operational Expenditure	8 592	7 554	8 636	8 611	14%

Table 65: Financial Performance Year 2012/2013: Libraries; Museums; Community Facilities and Other

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Capital Expenditure Year 2012/2013: Libraries; Museums; Community Facilities; Other					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 903	1 080	1 427	(25%)	
Karatara Community Centre	-	-	695	-	695
Extension to Town Library	1 638	684	337	(79%)	5 327
Multi-purpose Centres Rheenendal, Smutsville and White Location	265	396	395	49%	13 123

Table 66: Capital Expenditure Year: Libraries; Museums; Community Facilities and Other

3.13 CEMETERIES

There are eight cemeteries in the GKMA which are being maintained on a regular basis. The Knysna cemetery is currently running out of space and a new cemetery for Knysna is critical with only about 1 000 grave sites still available. A Record of Decision (ROD) was issued by the Department of Environmental Affairs and Development Planning but has expired and negotiations to review that ROD are in progress. The municipality is currently also exploring the expansion of the Rheenendal Cemetery. Cremation should also be explored as a means to dispose of bodies.

In order to keep the cemeteries in a clean and neat condition a maintenance plan has been implemented. The maintenance plan includes the cutting of grass and the cleaning of these sites on a weekly basis. To ensure that graves are provided in time or as requested certain days have been identified for the digging of graves. The cutting of grass at the Knysna cemeteries by a service provider has been also been phased out and is now done by our own staff. Council has also a burial rebate system in place to assist the underprivileged who cannot afford the burial charges.

Service Statistics - Cemeteries		
Type of service	2011/2012	2012/2013
Cemeteries	8	8
Funerals	308	305
Rebates awarded	67	65
Pauper burials	25	11

Table 67: Service Statistics - Cemeteries

Chapter 3

Employees: Cemeteries					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	0	0	0	0%
10 - 12	0	0	0	0	0%
7 - 9	1	1	1	0	0%
4 - 6	0	0	0	0	0%
0 - 3	7	8	8	0	0%
Total	8	9	9	0	0%

Table 68: Employees: Cemeteries

Financial Performance Year 2012/2013: Cemeteries					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	222	199	199	201	1%
Expenditure:					
Employees	1 030	1 169	1 169	972	(17)%
Repairs and Maintenance	51	105	65	37	(65)%
Other	394	473	492	460	(3)%
Total Operational Expenditure	1 474	1 747	1 726	1 469	(16)%
Net Operational Expenditure	1 252	1 548	1 527	1 268	(18)%

Table 69: Financial Performance Year 2012/2013: Cemeteries

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COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

3.15 POLLUTION CONTROL

Impact of Pollution and Waste

Any pollution within the urban area will ultimately impact upon our estuary as it is eventually carried along streams, the natural watercourses, groundwater and storm water channels that terminate in the estuary by a number of human-induced factors. These can be summarized below:

- Informal settlement areas having limited or no access to adequate toilet and waste water disposal systems;
- Leaks and blockages in sewer infrastructure- or sewer pipes are often in close proximity to storm water pipes;
- Private septic tank units leaking or not operating effectively;
- Operation failure and constraints at waste water treatment plants;
- Illicit disposal of chemicals in storm water system or natural watercourses; and
- Leaks and contamination from industrial and business activities.

Council is acutely aware of the danger posed by this issue and has taken steps to invest in the Waste Water Treatment Works and undertaken a diagnostic evaluation of the causes of the estuary pollution.

Environmental Degradation

The development pressures on sensitive land in town and surrounding areas ultimately may lead to environmental degradation. Amongst the most serious issues over and above those of pollution already mentioned are vegetation clearing and earthwork activities within areas identified for their rich biodiversity, and the impact of invasive alien species that are driving out endemic plant species and choking watercourses. The authorities constantly monitor and attempt to mitigate any clearing of conservation-worthy plants as with exposing of large areas of soils, excavation or infilling which presents erosion risks and silt being carried into the estuary. There are also a number of initiatives underway for the identification of areas highly impacted by invasive plant species and the managed control thereof.

Air Quality

Knysna's geographic location in a basin means it is sensitive to air pollution as can be seen by the 'inversion layer' of fog which at times is present over the estuary and CBD. In the town's more industrial past the presence of timber factories producing smoke and soot may have reduced air quality. Nowadays the number of industries with such emissions is less and confined to the industrial area higher above the town and less likely to be 'trapped' within the basin.

An increase in traffic, particularly heavy vehicles, does mean more vehicular emission which has a negative air quality impact, however this is by no means unique to Knysna and the concern is limited relative to the number of vehicles in more populated areas.

Some impoverished households within Knysna do still rely on open fires for heating and cooking which also contribute towards atmospheric pollution even though it is on a very small scale. The hazardous safety and health risk is a bit greater because some residents actually light these fires inside their homes without adequate ventilation. Knysna

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Municipality participated in the development of a district-wide Air Quality Strategy with Eden District Municipality. This strategy is already in draft form and is currently available for public comment before it will be formally adopted in May 2013.

Air Quality Management Plan

Section 15 (1) of the National Environmental Management Air Quality Act (39 Of 2004) makes the development of an Air Quality Management Plan a statutory requirement and the sole objective of the plan is to assess the state of air quality within the region.

With the promulgation of the National Environmental Management: Air Quality Act 17 the focus of air quality management shifted from source control to management of pollutants in the ambient environment through air quality management planning. Exposure to ambient air pollutants can cause a range of significant effects on quality of life such as offensive odours, irritation of eyes, the upper respiratory system and skin, and acute and long-term toxic effects.

The actions required can be summarised as follows:

Response Required	Municipal Action	Progress	Timeframe
Improved Air quality	Developing an Air Quality Management Plan in conjunction with Eden District Municipality	Consultant was appointed and the completed plan will be available in the current financial year	2012/13
SWOT	Do SWOT and develop actions to address	Will be covered in the completed Air Quality Management Plan	

Table 70: Implementation of Air Quality Management Plan

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Pollution Control Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
Submit Estuary Pollution Plan to Council by December 2012	The indicator measures the submission of an item to Council setting out the Estuary Pollution Plan in order to get Council's approval for the plan.	Number	-	-	1	1	-	-	-

Table 71: Pollution Control Policy Objectives Taken From IDP

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3.16 BIO-DIVERSITY; OPEN SPACES AND COASTAL PROTECTION

ENVIRONMENTAL MANAGEMENT

The vision of the Knysna Municipality is: "Where people and nature prosper" which underlines the commitment of the Council to ensuring the conservation of our natural resources. The municipality is fortunate to be located within a major national park, the Garden Route National Park which makes conservation much easier to achieve, even though the municipality is not directly involved in the daily management of the park. Even though the Municipality is most often not the competent authority regarding many environmental matters, through the Outeniqua Sensitive Coastal Area Regulations, we are able to ensure that conservation is achieved on a small scale level. To this end, the municipality has developed a system which keeps track of all the listed and gazetted properties on a monthly basis.

Through continuous monitoring, updating of by-laws and municipal policies, the Department of Environmental Management is able to instill a culture of sustainable development which will ensure that the vision of Knysna Municipality is being realised. Eco-tourism is an essential element in the strategy to promote the Knysna region as a sought after tourist destination. Some of the major tourist attractions are the lagoon/estuary and the pockets of indigenous forest under protection which also serve as part of the industrial component of the economy of Knysna through the timber sector. Most economic sectors are still tied to the timber industry though the contribution has been diminishing over the years. There are many environmental goods that play a major role in the socio-economics of Knysna and it is in the interest of the municipality to conserve these resources for the continued sustenance of its inhabitants.

The major environmental challenges include risks from flooding and droughts, wild fires, poaching, landslides, rock falls, alien vegetation infestation, land degradation, water pollution, visual pollution and deforestation. Through collaboration with various stakeholders the municipality has a number of programmes and strategies that aim to reduce environmental risks, amongst them being:

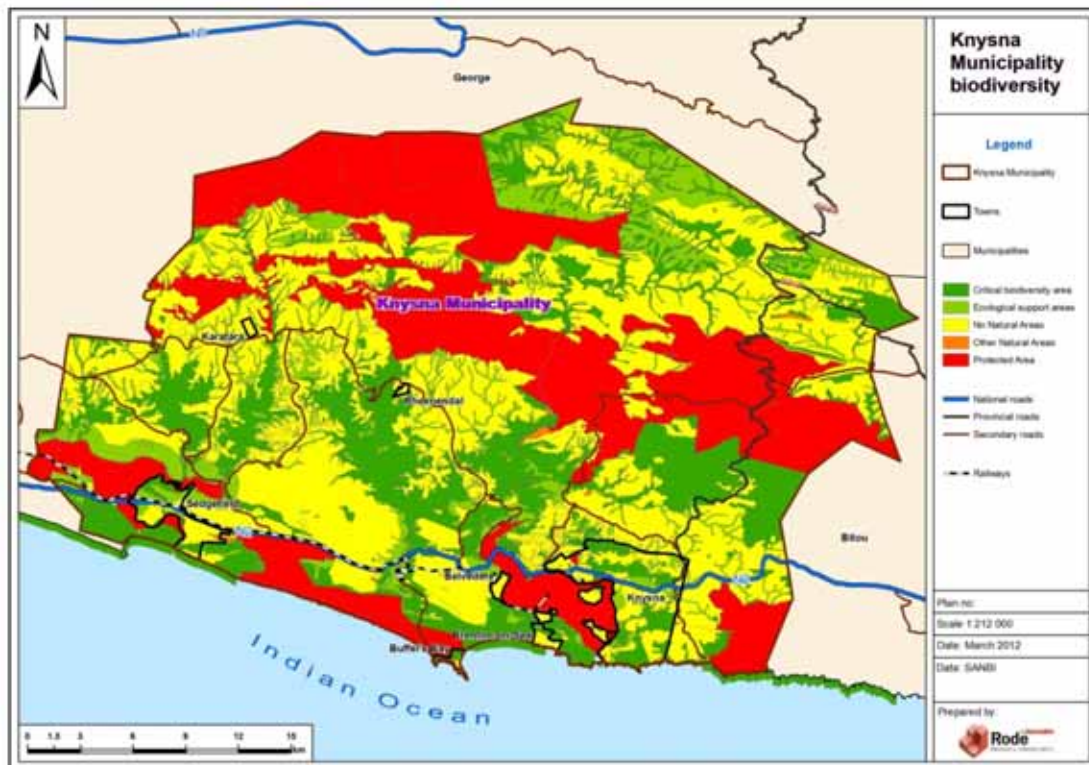
- The Working for Water Programme;
- The Working on Fire Programme; and
- Estuary Pollution Management Plan.

The associated map provides the best available scientific information regarding the biodiversity resources in Knysna Municipality that need to be retained in the long-term. This is to ensure the maintenance of healthy eco-systems which are fundamental to the wellbeing of people since nature provides human kind with food, clean water and many other tangible and intangible benefits, sometimes referred to as eco-system services.

The Critical Biodiversity Areas layer represents sites identified as Critical Biodiversity Areas (CBAs) through the systematic assessment conducted by the C.A.P.E. Fine-Scale Biodiversity Planning (FSP) project. Taken as a whole (terrestrial plus aquatic CBAs), these represent the sites required to meet biodiversity pattern targets and ecological process objectives. The Critical Ecological Support Areas: Aquatic layer represents aquatic sites identified as Critical Ecological Support Areas (CESA's) through the systematic assessment conducted by the C.A.P.E. Fine-Scale Biodiversity Planning (FSP) project. CESA's include both the aquatic feature as well as the required buffer area surrounding the aquatic feature.

The Other Natural Areas layer represents all natural areas that have not been recognized as Critical Biodiversity Areas (aquatic and terrestrial), Ecological Support Areas (critical and other) or National Protected Areas but are also not considered to be irreversibly transformed (No Natural Remaining Areas). It can include natural, near natural or degraded lands (South African National Biodiversity Institute 2011).

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IMPACT OF CLIMATE CHANGE

Climate Change is increasingly elevated as a boiling point and big focus point on the global agenda. The reason for this is that the world is very quickly experiencing the effect of this phenomenon on fundamental socio-economic indicators such as water, sanitation, food security, health, energy, industrial developments and human settlements. Knysna Municipality is no exception and it presents serious threats to the future of the town and its environs because of the sensitivity of the estuary to rising sea levels and the risk to development in low lying areas. Furthermore, changing rainfall patterns and extreme weather events have already had an impact on the town and environs in the past. Knysna has recently recovered from the worst drought on record requiring emergency augmentation and restriction measures to secure a supply of water for the growing population.

In the past five years floods have caused major damage to property and infrastructure and put lives at risk, most notable being the floods in Sedgefield which had a significant effect on financial and insurance arrangements of the affected households. Special attention to the susceptibility of Sedgefield is given in the Disaster Management Plan and a Joint Management Action Plan for the area has been developed by the authorities and community representatives.

The surrounding areas have also suffered major fires under hot and dry conditions. These issues not only affect the human population, but the endemic flora and the fauna are particularly susceptible to lasting changes in climate conditions. Over the long term this will lead to major loss of biodiversity. In Knysna some mitigation measures against the repercussions of climate change are already in place, ranging from restrictions to develop in areas at risk of flooding, and desalination equipment to secure a fresh water supply.

The consultants who will be developing an Integrated Strategic Development Framework (ISDF) will also include a comprehensive Climate Change Adaptation Strategy as part of their brief. This strategy will identify the potential impact which climate change will have on the different development opportunities and will ensure that Knysna Municipality will be able to these likely impacts.

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INTEGRATED COASTAL MANAGEMENT STRATEGY

Coastal management in South Africa is regulated by the Integrated Coastal Management Act (Act 24 of 2008), which aims to ensure that the coast of South Africa is managed in a manner which promotes risk aversion and the application of the precautionary principle.

The municipality in collaboration with Eden District Municipality is in the process of developing a Coastal Management Strategy to give effect to the abovementioned legislation. The objective of this strategy is to ensure the integrated management and the sustainable use of the coastline through the implementation of the following intervention strategies.

- Management strategy;
- Administrative strategy; and
- Operational strategy.

The actions required can be summarised as follows:

Actions Required	Municipal Action	Progress	Timeframe
Coastal management plan	Develop plan in collaboration with Eden DM	Done	2012-2013
Empowerment of local communities to understand the value of preserving the coastline	Workshops with community stakeholders to enhance awareness of the Coastal Management Plan	First series of workshops will be scheduled before 30 June 2013	2013-2014

Table 72: Integrated Coastal Management Strategy

PARKS

The following well-maintained parks and recreational areas are available in the GKMA:

Play Parks	Number	Play Parks	Number
Cathy Park	1	Khayaletu	2
Dam Se Bos	1	Rheenendal	2
Fleners	1	Sedgefield	1
Hlalani	1	Smutsville	1
Hornlee	2	White Location	1
Karatara	2	Total	15

Table 73: Parks and recreational facilities location

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Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Participate in Provincial and District Climate Change planning processes by attending four meetings per year</i>	The indicator measures the number of meetings attended in order to participate in Provincial and District Climate Change planning processes	Number	-	-	4	4	-	-	-
<i>Participate in the development of an Integrated Coastal Management Strategy and submit to Council</i>	Assist and collaborate with Eden District Municipality to develop an Integrated Coastal Management Strategy	Number	-	-	-	-	1	-	-

Table 74: Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP

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Employees: Bio-Diversity; Landscape and Other					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	1	1	1	0	0%
10 - 12	0	1	1	0	0%
7 - 9	1	1	1	0	0%
4 - 6	0	0	0	0	0%
0 - 3	0	0	0	0	0%
Total	2	3	3	0	0%

Table 75: Employees: Bio-Diversity; Landscape and Other

Financial Performance Year 2012/2013: Bio-Diversity; Landscape and Other					
					R'000
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	881	1026	1026	920	(10)%
Repairs and Maintenance	-	-	-	-	-
Other	272	842	842	453	(46)%
Total Operational Expenditure	1152	1867	1867	1373	(26)%
Net Operational Expenditure	1152	1867	1867	1373	(26)%

Table 76: Bio-Diversity; Landscape and Other

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Capital Expenditure Year 2012/2013: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	1 237	944	-	
Refurbish Parks Restroom	-	1 085	793	-	1 085
Play-park equipment	-	152	151	-	151

Table 77: Capital Expenditure: Bio-Diversity; Landscape and Other

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17 HEALTH

This section of the profile highlights the current health infrastructure and human resource capacity in the public health sector and burden of disease in the Knysna municipal area. It is important to note that none of the functions listed in the heading are local municipal functions. Thus this report reflects on the provision of health services by the other spheres of government.

Access to health facilities

Municipality	Community Health Centres	Community Day Centres	Clinics	Satellite Clinics	Mobile Clinics	District Hospitals	Regional Hospitals	Total
Eden District	0	4	36	11	24	6	1	82
Kannaland	0	0	3	0	2	1	0	6
Hessequa	0	0	5	2	3	1	0	11
Mossel Bay	0	0	4	5	5	1	0	15
George	0	2	10	1	7	1	1	22
Oudtshoorn	0	1	5	0	3	1	0	10
Bitou	0	1	3	2	1	0	0	7

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Municipality	Community Health Centres	Community Day Centres	Clinics	Satellite Clinics	Mobile Clinics	District Hospitals	Regional Hospitals	Total
Knysna	0	0	6	1	3	1	0	11 ⁷

Table 78: Health care facilities in located in Knysna in 2010

Health human resource capacity

A total of 9 doctors and 58 professional nurses have been employed by the Department of Health to render health services to patients attending the primary health care facilities in the GKMA. The health human resource capacity reflected herein does not include those who are in private practice in the region. During the period under review a large Community Day-care Clinic was opened by Masifunde.

Knysna ⁸	2009	2010	2011
Primary Healthcare Doctors	2	2	2
Number of Doctors at District Hospitals	8	7	7
Primary Healthcare – Professional Nurses*	21	19	19
Number of Professional Nurses at District Hospitals	35	39	39

Table 79: Knysna's Medical staff

Burden of disease

In 2010, Knysna had 3 anti-retroviral treatment (ART) service sites and 10 tuberculosis treatment (TB) clinics.

Municipality ⁹	ART Patient load (June 2010)	Number of Anti-Retroviral Treatment (ART) Sites	Number of TB Clinics
Eden District	6 777	9	79
Kannaland Local Municipality	0	0	7
Hessequa Local Municipality	154	1	8
Mossel Bay Local Municipality	1 197	1	15
George Local Municipality	2 476	2	14
Oudtshoorn Local Municipality	591	1	13
Bitou Local Municipality	1 004	1	7

⁷Source: Western Cape Department of Health, 2010

⁸Source: Department of Health, 2011

⁹Source: Western Cape Department of Health, 2010

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Municipality ⁹	ART Patient load (June 2010)	Number of Anti-Retroviral Treatment (ART) Sites	Number of TB Clinics
Knysna Local Municipality	1 355	3	10

Table 80: Knysna's burden of disease

The Western Cape Department of Health reported that in June 2010 a total of 1 355 patients were receiving anti-retroviral treatment at the ART service sites located in Knysna. This accounts for 20% of the total 6 777 HIV/Aids patients being treated with ART within the Eden District and accounts for the second largest HIV/Aids population in the region after George Municipality. Historically Knysna was one of the first towns to have an ART site, and this impacted on the prevailing statistics.

Although Knysna Municipality adopted has an HIV/Aids plan adequate funding could not be allocated for the execution of this plan. The municipality will continue to solicit the participation of the Department of Health in this regard, recognising that this is the core function of the Provincial Department

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Health Inspection and Etc. Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Establish HIV/AIDS Forum Indicator</i>	The objective of the Forum is to create awareness around the issue of HIV/AIDS in our community.	Number	-	-	-	-	1	-	-

Table 81: Health Inspection and Etc. Policy Objectives Taken From IDP

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COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management; licensing and control of animals; and control of public nuisances.

3.18 LAW ENFORCEMENT

The main priorities are:

- Law and order through operations and patrols in areas of jurisdiction
- Regulating traffic during peak season, times of unrest, during events, scenes of accidents and during disasters
- Speed enforcement
- Placement of permanent traffic officers in the outer nodes
- Safety and security officers on a daily basis in the outer nodes
- Attending to law enforcement infringements, particularly by-law contraventions
- Provision of life guards during peak season

Crime, safety and security

Section 12 of the Constitution stipulates that every person has the right to safety and security. As with health, many of the law enforcement responsibilities are intended to be undertaken by the Provincial and National authorities. However, increasingly the responsibility of law enforcement is becoming an unfunded mandate of Council.

The table below illustrates the number of crimes within selected crime categories that was reported to police stations located in Knysna over the period April 2009 to March 2012.

Crime Category ¹⁰		2010	2011	2012
Contact Crime	Murder	28	24	26
	Total sexual crimes	132	139	205
Property related crime	Burglary at residential premises	861	843	917
	Burglary at non-residential premises	149	120	123
Crime heavily dependent on police action for detection	Drug related crime	857	793	856
	Driving under the influence of alcohol/drugs	445	418	445
TOTAL		2 472	2 337	2 572

Table 82: Crimes reported at the Knysna (WC) Police Precinct

The above crime statistics reveal that the incidence of murders investigated by the Knysna Police Precinct increased by two cases in 2012 than in the previous year. Sexual offences reported to the police increased with an alarming 67% between 2011 and 2012 while drug related crimes also show a considerable increase. According to the Knysna Police

¹⁰Source: SAPS 2012

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Precinct the current priority crimes are household burglaries, theft from motor vehicles, assaults and drug related offences.

The strategic objectives of Council focus quite strongly on ensuring a safe and secure environment for the people who live here as well as the visitors to the area. That is why the Knysna Municipality participates actively in the programmes and projects of SAPS, the Department of Community Safety, Community Police Forums and any other agency that aims to facilitate safety and security.

An example is the development and implementation of a Community Safety Plan. This Plan is intended to address crime challenges in the Greater Knysna Municipal Area. It is a collaborative partnership to combat crime and establish a safer environment for the residents as well as the visitors to the area. During the public participation process it was quite apparent that communities and stakeholders want to see more visible and effective policing and have prioritised the establishment of SAPS service stations closer to crime infested areas.

The Community Safety Plan defines clear roles and responsibilities between the respective authorities in respect of safety and security and it focuses on the effective implementation of the following joint national and local crime prevention campaigns:

- Child protection week
- 16 Days of activism against violence against women and children
- International Drug Awareness Day (usually during youth month in June every year)
- Special focus on crimes against women and children, domestic violence and sexual offences (During women's month in August every year)
- Safer Schools Campaign (deployment of neighbourhood watch volunteers at schools where a high rate of incidents occur)
- Back to School Campaign (Assisting to get early school leavers back in the school system)
- Victim Support Programme
- Love your Car Initiative
- Substance abuse awareness programmes
- Implementation of holiday programmes with NGO's

The SAPS Cluster in the Eden District has conducted a comprehensive feasibility study for the establishment of additional police or satellite stations and the Northern Areas of Knysna feature quite strongly in this planning process. The municipality will certainly assist if land or premises are required for the establishment of police stations where possible.

Representatives from Knysna Municipality serve on the local Community Police Forums and joint crime prevention operations between the law enforcement department of the municipality, Provincial Traffic and the SAPS are done on a regular basis. The SAPS interact on a regular basis with the municipality to address factors that might hamper effective policing of crime which include putting up of street names, house numbers, poor or no lighting in crime hotspots, empty buildings and overgrown open spaces.

Law Enforcement Service Data					
Details	2010/2011	2011/2012	2012/2013		2013/2014
	Actual No.	Actual No.	Estimate No.	Actual No.	Estimate No.
Number of road traffic accidents during the year	1 110	1 172	1 104	938	Outside the control of the municipality therefore no estimate
Number of by-law infringements attended	1 136	1 105	1 306	1 506	
Number of Law Enforcement officers in the field	4	4	8	8	13

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Law Enforcement Service Data					
Details	2010/2011	2011/2012	2012/2013		2013/2014
	Actual No.	Actual No.	Estimate No.	Actual No.	Estimate No.
on an average day					
Number of Law Enforcement officers on duty on an average day	3	3	6	6	8
Number of drivers licenses issued	3 193	2 824	6 232	4 100	4 500
Number of learners licenses issued	4 932	4 065	3 241	2 755	2 800
Number of Road signage erected	299	231	389	370	350

Table 83: Law Enforcement Service Data

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Law Enforcement Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Develop a Law Enforcement Strategy and submit to Council</i>	Develop a law enforcement strategy to improve law enforcement and policing regarding traffic and other violations.	Number	-	-	-	-	1	-	-

Table 84: Law Enforcement Policy Objectives Taken From IDP

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Employees: Law Enforcement					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	2	2	2	0	0%
10 - 12	13	13	12	1	8%
7 - 9	9	16	15	1	6%
4 - 6	5	6	6	0	0%
0 - 3	0	0	0	0	0%
Total	29	37	35	2	5%

Table 85: Employees: Law Enforcement

Financial Performance Year 2012/2013: Law Enforcement					
					R'000
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 730	3 493	7 141	14 028	302%
Expenditure:					
Employees	8 671	7 635	7 522	10 123	33%
Repairs and Maintenance	107	360	402	163	(55)%
Other	5 762	4 663	6 695	8 225	76%
Total Operational Expenditure	14 540	12 657	14 618	18 511	46%
Net Operational Expenditure	6 810	9 164	7 477	4 483	(51)%

Table 86: Financial Performance Year 2012/2013: Law Enforcement

3.19 FIRE

There are three fire stations within the greater Knysna area and all are operational on a 24 hour basis. The Sedgefield station also operates an emergency response vehicle that has been used with great success in the Sedgefield and

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Karataara. Knysna Municipality does have an agreement with neighbouring municipalities where assistance is given during the event of emergencies. Due to the ever-increasing risk in the informal areas a new station will soon be required on the Eastern borders of the Municipal area.

Fire Service Data				
Details		2011/2012	2012/2013	2013/2014
		Actual No.	Actual No.	Estimate No.
1	Total fires attended in the year	546	479	Outside the control of the municipality therefore no estimate
2	Total of other incidents attended in the year	418	630	
3	Average turnout time - urban areas	10 min	10min	10min
4	Average turnout time - rural areas	10 min	10min	10min
5	Fire fighters in post at year end	29	29	29
6	Total fire appliances at year end	8	8	0
7	Average number of appliance off the road during the year	0	0	0

Table 87: Fire Service Data

Employees: Fire Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	1	1	1	0	0%
10 - 12	5	5	5	0	0%
7 - 9	10	10	10	0	0%
4 - 6	3	16	16	0	0%
0 - 3	0	0	0	0	0%
Total	19	32	32	0	0%

Table 88: Employees: Fire Services

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Financial Performance Year 2012/2013: Fire Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	98	90	90	196	118%
Expenditure:					
Employees	6 610	6 818	7 169	7 262	7%
Repairs and Maintenance	126	73	107	114	55%
Other	3 352	3 227	3 265	3 625	12%
Total Operational Expenditure	10 088	10 118	10 542	11 001	9%
Net Operational Expenditure	9 990	10 028	10 452	10 805	8%

Table 89: Fire Services

3.20 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES)

Disaster Management Plan

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each municipality must:

- * *prepare a disaster management plan for its area according to the circumstances prevailing in the area;*
- * *co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and*
- * *regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.*

Knysna Municipality has mostly partnered with the Eden District Municipality to develop a disaster management plan for its area of jurisdiction since 2008. This plan has evolved over the past few years and subsequently the plan has been reviewed and amended to serve as a guiding policy on how the municipality will handle any type of disaster that might occur. When an unforeseen major event occurs which cannot be dealt with on our own, the Disaster Management Plan is activated to manage and mitigate the impact of the event where after partner government departments and service providers are approached for assistance. The costs for disasters are normally covered either by reprioritizing the budget or in terms of Section 29 of the MFMA.

The disaster management plan of Knysna Municipality:

- forms an integral part of a municipality's Integrated Development Plan;
- anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- seeks to develop a system of incentives that will promote disaster management in the municipality;

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- identifies the areas, communities or households at risk;
- takes into account indigenous knowledge relating to disaster management;
- promotes disaster management research;
- identifies and address weaknesses in capacity to deal with disasters;
- provides for appropriate prevention and mitigation strategies;
- facilitates maximum emergency preparedness; and
- contains contingency plans and emergency procedures in the event of a disaster.

A number of effective programmes have been implemented during the last financial year to address the above requirements, which include:

- Awareness programmes to protect citizens from fires and floods;
- Regular cleaning of the storm water channels; and
- Clean-up programmes of rivers and streams.

The plan also makes provision for a number of risk management strategies which include:

- **Fires**
All fires to be dealt with in terms of the standard operating procedures. Risk reductions are undertaken by regular inspection, awareness programs and the creation and maintenance of fire breaks.
- **Droughts**
Extreme droughts will be dealt with in terms of the Disaster Management Act. The risk reduction strategy includes a water demand management strategy and on-going water use awareness campaigns.
- **Floods**
Procedures will be implemented in terms of the Disaster Management Plan. Preventative measures to reduce flooding include the clearing of storm water drains.
- **Major Incidents**
Major incidents which cannot be addressed with own personnel, tools and equipment will be managed with the support of Eden District Municipality in terms of the Disaster Management Protocol.
- **Hazardous Incidents**
To be dealt with in terms of the Disaster Management Plan, read with the Hazardous Substance Act. Part of the mitigating factors include ensuring that the officials have the adequate equipment, clothing and training to deal with the hazard.
- **Pollution**
Pollution management is conducted in terms of relevant legislation. Risk reduction includes the implementation of awareness and educational programmes.

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Disaster Management, Animal Licensing and Control, Control of Public Nuisances, etc. Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Annually review and submission of the Disaster Management Plan</i>	The purpose of the Disaster Management Plan (DMP) is to enhance the capacity of the Municipality to prevent and to deal with disaster and to avoid developments which are subject to high risk of disaster. The DMP is seen as the information guide to the relevant role players. It advises the role players how to lead in case of a disaster to prevent or at least mitigate negative effects on the Greater Knysna. The DMP will be the basis to establish procedures which will assure maximum and efficient utilisation of all resources in and around the Greater Knysna area to minimize the loss of life and/or injury. With a comprehensive DMP, Knysna Municipality will be better prepares to support the local communities in dealing with disasters and to speed up the recovery process. It is crucial to have effective and efficient disaster risk management in order to save lives, prevent escalation of emergencies and incidents and relive suffering.	Number	1	1	1	1	1	1	1

Table 90: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, etc. Policy Objectives Taken From IDP

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COMPONENT H: SPORT AND RECREATION

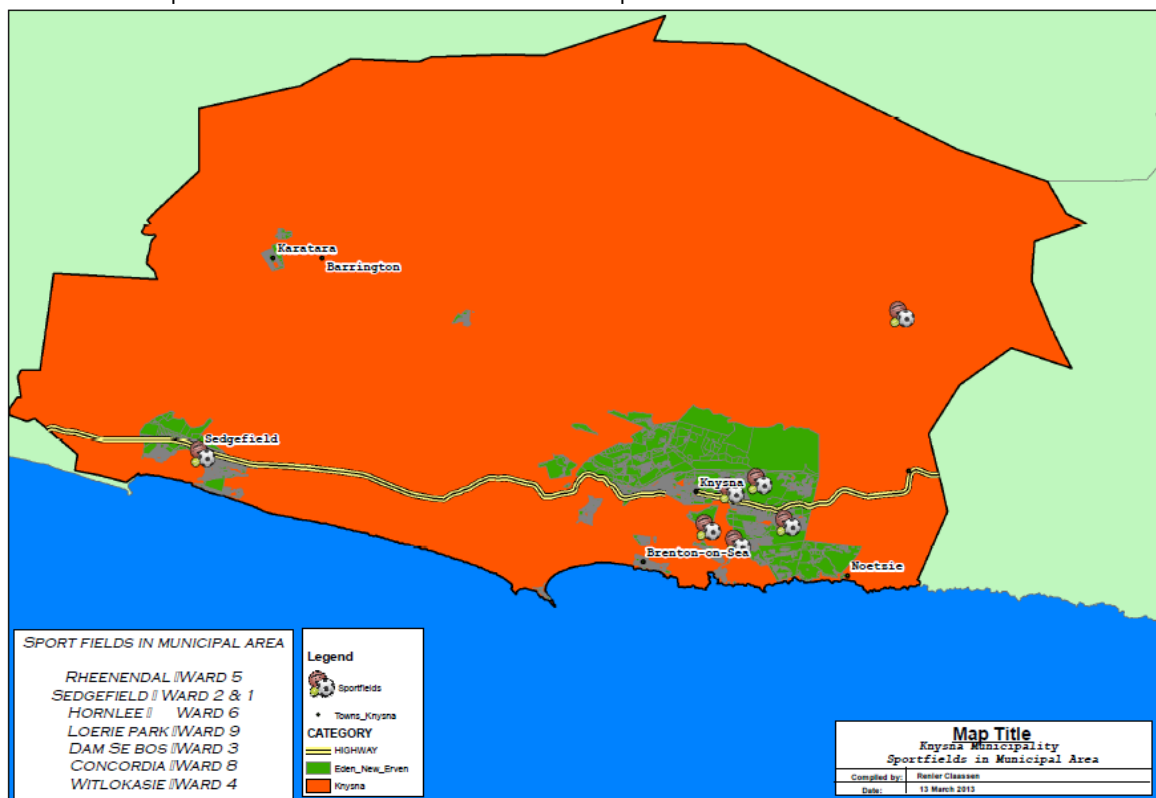
This component includes: community parks; sports fields; sports halls; and swimming pools.

3.21 SPORT AND RECREATION

The people in the Greater Knysna Municipal Area are passionate about sport in general and the discussion of this topic was particularly prevalent during the public participation process of the IDP review, where communities in nearly all wards demonstrated the high priority they placed on sport facilities and sport development programmes.

There are a number of sport facilities in the GKMA which accommodate a variety of sport codes and some are better developed and equipped than others. The better developed sport facilities such as Loerie Park sport grounds are located in the town of Knysna, whilst smaller facilities are also located in Sedgefield, Rheenendal and Karatara. The upgrading of sport facilities remains a major challenge for Knysna Municipality simply because it has to compete with other pressing priorities during the budgeting process. At this point in time the main focus is on maintaining existing facilities rather than upgrading or development of new facilities.

Most of the schools in the Northern Areas and rural areas have very basic sport facilities such as a levelled area for soccer, netball and athletics. Despite contributions made by the Danish Ambassador and French International Football Association to upgrade sport fields in Bongani, Tembelitsha and Dam se Bos a lot still needs to be done to improve the quality of these facilities. The first phase of upgrading at Dam se Bos has been completed and the second phase will be undertaken in the next financial year as part of the 2010 FIFA World Cup legacy partnership agreement. The upgrading of the sport field at White Location in Knysna will be incorporated in the multi-purpose centre development planned for this area. The map below indicates the location of the different sport facilities in the GKMA:



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A sport summit will be held in due course with stakeholders from all the different sport codes operating in the Greater Knysna Municipal Area. The objectives of the intended sport summit are:

- To establish a functional sport forum with representation from all different sport codes;
- To develop a sport development plan for the area;
- To conduct a comprehensive audit of all the sport facilities;
- Prioritisation of sport facilities to be upgraded; and
- Facilitate the implementation of sport development programmes.

The Directorate: Community Services in partnership with the provincial Department of Cultural Affairs and Sport (DECAS) is embarking on a capacity building programme to empower sport clubs in various sport codes in management and financial administration as well as first aid training.

Service Statistics – Sport Grounds			
Type of service	2010/2011	2011/2012	2012/2013
Number of Sport Grounds/fields	16	16	16
Number of Stadiums	1	1	1
Netball Courts	6	6	6

Table 91: Service Statistics – Sport Grounds

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Sport and Recreation Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Establishment of a Sports Forum</i>	Establish a functional sport forum/s with representation by the various sport codes represented in the Greater Knysna Municipal Area.	Number	-	-	-	-	1	-	-

Table 92: Sport and Recreation Policy Objectives Taken From IDP

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Employees: Sport and Recreation					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	0	0	0	0	0%
10 - 12	2	2	2	0	0%
7 - 9	4	4	4	0	0%
4 - 6	39	41	38	3	7%
0 - 3	11	11	11	0	0%
Total	56	58	55	3	5%

Table 93: Employees: Sport and Recreation

Financial Performance Year 2012/2013: Sport and Recreation					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 031	966	1 026	831	(14)%
Expenditure:					
Employees	6 641	7 178	7 278	7 035	(2)%
Repairs and Maintenance	872	1 980	976	833	(58)%
Other	6 808	6 994	6 393	7 632	9%
Total Operational Expenditure	14 320	16 152	14 647	15 501	(4)%
Net Operational Expenditure	13 289	15 186	13 621	14 669	(3)%

Table 94: Financial Performance Year 2012/2013: Sport and Recreation

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Capital Expenditure Year 2012/2013 Sport and Recreation					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	240	866	765	219%	
Flenters Sports Field (Cash)	120	640	583	386%	583
Upgrade Damsebos sports field	-	226	169	-	419
Concordia Sports field	120	-	14	(89%)	14

Table 95: Capital Expenditure: Sport and Recreation

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, and property services.

3.22 EXECUTIVE AND COUNCIL

This component includes: Executive office (Mayor; Councilors; and Municipal Manager).

3.22.1 COUNCIL

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and her Mayoral Committee. The council's role is to debate issues publicly and to facilitate political debate and discussion. The council plays an active role in the operations of the Municipality. Apart from their functions as decision makers, Councillors are also involved in community work and the various social programmes in the municipal area.

The Council of the Knysna Municipality comprises of 19 elected Councillors, made up from 10 Ward Councillors and 9 Proportional Representation (PR) Councillors. The Portfolio Committees are made up of Councillors drawn from all political parties.

3.22.2 EXECUTIVE MANAGEMENT STRUCTURE

The administration component of Knysna Municipality is headed by the Municipal Manager

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The Municipal Manager as head of the administration is responsible and accountable for tasks and functions as provided for in Section 55 of the MSA; other functions as provided for in legislation; as well as functions delegated to her by the Executive Mayor and Council. She is supported by a team of five directors appointed in terms of the s56 of the MSA. The Office of the Municipal Manager consists of:

- the Municipal Manager;
- Internal Audit and Risk Management;
- Performance Management; and
- Communication and Customer Relations

3.22.3 RISK MANGEMENT

Section 62 of the Municipal Finance Management Act requires the Accounting Officer to take all reasonable steps to ensure that the Municipality has, and maintains, effective, efficient and transparent systems of financial and risk management, internal control, internal audit as well as the effective, efficient and economical use of the resources of the Municipality

Risk Management is a logical and systematic process of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organization to minimize losses and maximize opportunities.

In order to ensure the inclusion of all the factors impacting on Risk Management within the Municipality it is important to identify the environment within which the municipality operates. As with most municipal disciplines the risk management environment has altered substantially and requires a complete review of current policies, practices and assumptions. The municipality identified its risk environment which is summarized on the figure below:



Council has adopted a risk management strategy and policy in compliance with the Municipal Finance Management Act and King III during June 2012 with the following objectives:

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- To address risk management for the whole municipality and to give effect to the implementation of the Risk Management Strategy, Risk Policy, establishment of the Risk Management Committee, Risk Management Implementation Plan and Risk Management Systems; and
- To inform and assist the executive and personnel on their roles and responsibility and to ensure that the risks relating to their particular area of control are managed to ensure that the best outcome is achieved.

The following is required in terms of Risk Management:

Response Required	Municipal Action	Progress	Timeframe
Establishment of Risk Committee	Establishment of a Risk Committee in line with the approved policy	Done	2012
Develop and implement the Risk Management Plan	Develop Risk Management Plan Implementation the Risk Management Plan	The draft Risk Management Plan will be available before 30 June 2013	2013 – 2017
Risk Based Audit Plan	Review the Risk Based Audit Plan	The Risk Based Audit Plan of the municipality will be reviewed on an annual basis	2013 – 2017
	Implement the Risk Based Audit Plan	The reviewed Risk Based Audit Plan will be implemented annually	2013-2017

Table 96: Implementation of the Risk Management Strategy

Top Five Municipal Risks			
Risk no.	Risk Category	Risk Description	Risk Background
1	Service delivery	Shortage of cemetery space	Insufficient cemetery space to keep up with demand
2	Service delivery	Ageing and overstretched infrastructure	Current infrastructure needs to be reviewed
3	Economic Environment	Lack of macro-economic strategy for Knysna	Negative impact of the current economic environment.
4	Service delivery	Poor quality of infrastructure	Insufficient to keep up with demand
5	Service delivery	Staff capacity	Attracting qualified competent staff/retain scarce skills/succession planning

Table 97: Top Five Municipal Risks

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The Executive and Council Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
Quality Assurance Programme approved by Audit Committee	The Internal Audit Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit: (1) Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics; (2) Operates in an effective and efficient manner; and (3) Is perceived by stakeholders as adding value and improving Internal Audit's operations. To that end, Internal Audit's QAIP will cover all aspects of the Internal Audit activity (Standard 1300).	Number	-	-	1	1	1	1	1
Review of the communication policy	The policy review is to ensure that communications across the municipality are co-ordinated, effectively managed and responsive to the diverse information needs of the public. Deliver prompt, courteous and responsive service that is sensitive to the needs and concerns of the public and respectful of individual rights. To assist directorates to provide timely, accurate, clear, objective and complete information about its policies, programs, services and initiatives.	Number	1	0	1	1	-	-	-
Risk based internal audit plan approved annually by Audit Committee	The Risk Based Audit Plan (RBAP) is based on the risks identified within the municipality. The plan is approved by the Audit Committee and Council every three years and reviewed annually. The RBAP may be amended more frequently were required with approval from the Audit Committee and Council.	Number	1	1	1	1	1	1	1
Risk Management Committee (RMC) meetings	The Risk Management Committee functions as a nexus where all risk related governance issues are investigated and resolved. It is an oversight committee appointment by the municipal manager to review and assess the effectiveness and control processes of risk management within the municipality and present the findings to assurance providers such as the Audit Committee, Internal Audit and the Auditor General.	Number	-	-	2	3	2	2	2

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The Executive and Council Policy Objectives Taken From IDP								
Implement an individual performance management system up to second line managers	Individual performance is about linking individual employee's objectives with the municipality's strategic objectives. The emphasis is on improvement, learning and development in order to achieve the overall vision of the municipality and to create a high performance workforce. This process will be rolled out to other levels within the municipality in line with available resources and capacity over the next few years.	Percentage	100	0	100	100	100	100
The percentage of a municipality's capital budget actually spent on budgeted capital projects	Percentage reflecting year-to-date spend/total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at the year-end.	Percentage	100	71	100	107	100	100
Project clean audit	This indicator measures good governance and accounting practices and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion refers to the position where the auditor, having completed his audit, has no reservation as to the fairness of presentation of financial statements and their conformity with General Recognised Accounting Practices. This is referred to as a 'clean opinion'. Alternatively, in relation to a qualified audit opinion, the auditor would issue this opinion in whole, or in part, over the financial statements if these are not prepared in accordance with General Recognised Accounting Practices, or if he could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.	Number	1	1	1	1	1	1
Risk Management Implementation Plan	To improve risk management by developing and submitting the Risk Management Implementation Plan (as required in the Council approved Risk Management Strategy and Policy) to the Risk Management Committee	Number	-	-	-	-	1	1
Facilitation of one Training session for all Ward Committees	To enhance the effectiveness of ward committees – Training of ward committees in municipal systems, Integrated Development Planning, performance processes and ward-based planning. By facilitating a training session per working ward committee.	Number	-	-	-	-	1	-

Table 98: The Executive and Council Policy Objectives Taken From IDP

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Employees: Council, Committees and Pensioners					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Executive Mayor	1	1	1	0	0%
Speaker	1	1	1	0	0%
Member of Executive Committee	4	4	4	0	0%
Part Time Councillor	13	13	13	0	0%
Audit Committee Members	4	5	4	1	20%
Ward Committee Members	81	81	81	0	0%
Personal Assistants	2	2	2	0	0%
Pensioners	6	6	6	0	0%
Total	112	113	112	1	1%

Table 99: Employees: Council, Committees and Pensioners

Employees: Municipal Manager's Office					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Municipal Manager	1	1	1	0	0%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	1	3	3	0	0%
10 - 12	1	2	2	0	0%
7 - 9	1	3	3	0	0%
4 - 6	0	0	0	0	0%
0 - 3	0	0	0	0	0%
Total	4	9	9	0	0%

Table 100: Employees: Municipal Managers Office

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Financial Performance Year 2012/2013: The Executive and Council					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	37 772	5 986	6 007	9 293	55%
Expenditure:					
Employees	10 599	11 950	11 965	13 002	9%
Repairs and Maintenance	41	30	38	28	(4)%
Other	242 033	20 399	21 423	21 015	3%
Total Operational Expenditure	252 673	32 379	33 427	34 045	5%
Net Operational Expenditure	214 901	26 393	27 420	24 753	(6)%

Table 101: Financial Performance Year 2012/2013: The Executive and Council

Capital Expenditure Year 2012/2013: The Executive and Council					
R' 000					
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 502	2 267	2 035	(42%)	
Ward Projects	2 447	1 740	1 706	(30%)	On-going
Refurbish/upgrade municipal buildings	1 000	465	264	(74%)	3 000
Program Office Equipment	55	62	65	(19%)	65

Table 102: Capital Expenditure: The Executive and Council

3.23 FINANCIAL SERVICES

Consolidated Financial Overview

Despite the ongoing economic concerns, Knysna Municipality continues to grow but so do the demands of all its residents. What is becoming clearer in recent years is that more and more demands for services are coming from those areas where services and service standards were historically poor in comparison to more advantaged and well established areas. It is the continuing classic legacy of apartheid. This is exactly why the constitutional mandate of local government places the emphasis on basic services, and is the current and future reality of Knysna and of every other local authority in South Africa.

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The previous longer term financial plan developed in November 2009 called for tight budgets to enable Council to weather the storm of ESKOM, handle the accounting and ultimately cash complications caused by the GRAP implementation and restore some balance to our long term capital debt.

The plan was beginning to bear fruit and cash was slowly being generated in line with our financial policies to cash back municipal reserves of import for future growth. However, the impact of the economic downturn nationally and its compounding effect, particularly in the Southern Cape, means we are in no position, in the year ahead to allow for increased borrowings and capital growth can only be funded by external grants. Additionally, we are budgeting for both reductions in external borrowings and for reductions in our cash funding of capital in future years.

Recently INCA Management presented a very comprehensive report as to the exact current financial position of the municipality. It was a retrospective analysis taken from 2002/03 to 2011/12. It confirmed that Knysna is one of the most heavily geared local authority's in the Western Cape, has very expensive rates and water charges and has one of the lowest per capita Intergovernmental Transfers (IGT) from the national fiscus. All other ratios place us firmly in the category of financially competent. Because of our gearings, lower IGTs, and high charges we strive to ensure our revenues are always being invested in service delivery and that we remain very vigilant in our cash management.

Knysna is a residential municipality. Approximately 80% of Council revenue, excluding governmental transfers, comes from the domestic residential sector. There is little scope for cross-subsidisation from the business sector and therefore increases in tariffs impact directly upon domestic consumers and hence almost immediately upon the Municipality's cash flow. Increased taxation will invariably mean increased non-payment.

Knysna is also a holiday destination and a retirement town. Many Knysna property owners do not live in the municipality for domestic purposes and so generate little in the way of economic development. However Knysna must fund itself and provide services as if it were a twelve month municipality whilst only operating on six month revenues. There is an obvious mismatch between revenues and service demands.

In the 2011/12 financial year the capital budget spend only managed to achieve a level of 71%. That was a situation that was not acceptable going forward and the Municipal Manager instigated far more stringent review processes to ensure that whatever moneys are appropriated for budget purposes are indeed spent on what the original budget required. The improvement in capital spend versus budget can now be clearly evidenced in the financial statements.

The downturn in the national economy has meant that development has virtually ceased and this in turn has led to a position whereby unless development starts again, then Knysna will be in a terminal decline. For this reason Council has taken the decision to fast-track economic development.

A number of measures are being explored which include targeting local contractors for Council business and paying an acceptable premium to use them as service providers. Council is also introducing incentives aimed at subsidising, delaying or even waiving development contributions depending upon the type and locality of the development and introducing a new business rebate to attract new business by means of a rates holiday.

Revenue strategies

For Knysna Municipality to maintain and to improve the quality of services it needs to generate the requisite revenue. The continued generation of cash via good prudent budgeting, credible income policies and sound financial management systems is critical to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

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- National Treasury's guidelines and macro-economic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which strives to ensure a 96% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecast for the MTREF period is on average 5.5% per annum excluding ESKOM. The municipality's aim is to not exceed inflation in its annual tariff adjustments but the following factors hamper such goal and are often beyond the control of the municipality:

- The new general valuation;
- ESKOM electricity increases;
- Bulk water purchases; and
- National collective agreements on salary increases.

The Finance Directorate will be embarking upon a number of strategic thrusts and actions (resources permitting) to maximise or at best maintain revenue raising at its current levels, to ensure Council can continue to meet its constitutional requirements and to dovetail with the efficiency measures being looked at on the expenditure side of the budget. This will allow council to maximise its growth plans in line with the new economic strategy currently under review.

STRATEGY	ACTIONS
Conduct a viability study and implement a viability strategy	Investigate if the municipality is financially viable. Compare with other municipalities taking service levels into account.
Maintain and improve on debt collection	Investigate further processes to increase the debt collection rate including the restructuring of the Income Department
Investigate new/more efficient sources of income	<ul style="list-style-type: none"> • Facilitate new income generating developments • Investigate and implement ways to attract new businesses to the municipality • Investigate parking fees and smart electricity and water meters and implement if viable
Ensure an accurate and well maintained income database	Do a complete investigation of income database and maintain properly
Secure more external funding and government grants for soft services including long term funding for operating expenses	<ul style="list-style-type: none"> • Investigate possible new external funding sources and government grants • Investigate and establish appropriate viable Public- Private Partnerships or Public -Public Partnerships with respect to soft services • Investigate the possibility of voluntary contributions from private sector for low cost housing or the equivalent
Monitor the financial health of the Municipality against financial standards and benchmarks within the Western Cape	Measure and report on financial performance against ratio's and standards on a quarterly basis

Table 103: Revenue strategies

Financial Management Policies

Council's financial policies are reviewed annually and amended according to need and/or legislative requirements. One of those policies is a Funding and Reserves Policy. The salient points of the policy are that the budget must be cash-funded, tariff adjustments must be fair, employee related costs must be all inclusive and the conditions of all provisions must be cash met

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where required. A number of indicators are also highlighted to ensure the municipality has enough cash to continue operations. The policy notwithstanding, the primary financial approach of Council, remains that assets should be in the ground and not in the bank.

The financial requirements of the policy have been reported upon each month within the broader Section 71 report. The Knysna Section 71 report continues to garner praise and laurels from external bodies who look at us, and it keeps us on the straight and narrow path of cash is king. It is a report that is easily understandable to the man in the street.

With regard to our reserves a number of cash funded reserves are now in place. They include the Capital Replacement Reserve (CRR) and the Employee Benefits Reserve which will ensure sufficient cash is available to pay post-retirement employee benefits in the future.

The future budgets of Council will take the very important step of introducing for the first time a Budget Policy. This policy reinforces much of what is contained in the MFMA and regulates inter alia:

- The preparation of the budget;
- The shifting or virement of funds;
- The timing and nature of Adjustment budgets;
- Unforeseen and unavoidable expenditure; and
- Establish and maintain procedures to adhere to budget processes.

The main principles underpinning the policy are:

- that the municipality may not budget for a cash deficit;
- expenses may only be incurred in terms of an approved budget;
- the budget must always be within the IDP framework;
- capital expenditure must distinguish between replacement and new assets;
- capital funding must be available; and
- loans must be linked to an asset and CRRs must be cash-backed.

By following this policy Council should be able to produce future budgets that are realistic, practical and affordable to the residents. In respect of the other budget policies there have been minor changes as always, mainly to increase local supply chain rules and to redefine basic service provision.

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Financial Service Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
Review all following legislative budget implementation policies; 1. Budget 2. Cash, Liability and Investment Management 3. Credit Control 4. Funding and Reserves 5. Indigent and Social Rebate Property 6. Rates 7. Supply Chain Management 8. Tariff	Budget policies serve as the cornerstone of financial viability and ensure that the municipality remains an on-going concern.	Number	8	8	8	8	8	8	8
Financial viability as expressed by the following ratio: Debt Coverage	The ratio measures the ability to cover debt service payments with own revenue to aid in determining the financial viability of the municipality	Number	11.1	12.76	25.5	23.5	15.5	18.5	19.7
Financial viability as expressed by the following ratio: Outstanding Service Debtors to Revenue	To calculate the ratio of service debtor to service revenue to aid in determining the financial viability of the municipality	Percentage	11	34.22	15.5	17.2	15.5	15.0	15.5
Financial viability as expressed by the following ratio: Cost Coverage	To calculate the ability to cover fixed cost with available cash to aid in determining the financial viability of the municipality	Number	0.5	2.35	2	1.4	1.3	1.5	2.0

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Financial Service Policy Objectives Taken From IDP									
<i>Debtors payment level</i>	The debtor's payment level directly relates to the municipalities capacity to collect amounts due in regards to rates, service and sundry charges and is fundamental to maintain positive cash flows and ensuring stability and long term financial viability.	Percentage	97.2	96	93	94	94	93.8	93.6
<i>Comply with grant funding conditions.</i>	The monthly report details on site progress or planning progress as well as financial spending progress in relation to grants allocated to the municipality.	Number	-	-	12	12	-	-	-
<i>Submit report on Alternative Sources of Funding to Council</i>	Investigate the feasibility of appointing an external service provider to identify and source additional sources of funding for financing major projects and table a report to Council in this regard.	Number	-	-	-	-	1	-	-
<i>Develop a Long Term Financial Plan and submit to Council</i>	To improve financial management and long term financial planning including the development of strategies to improve financial management and long term financial planning and develop strategies for financing capital projects and operational costs	Number	-	-	-	-	-	-	1

Table 104: Financial Service Policy Objectives Taken From IDP

Chapter 3

Employees: Financial Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Financial Officer	1	1	1	0	0%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	4	6	5	1	17%
10 - 12	11	14	13	1	7%
7 - 9	7	8	8	0	0%
4 - 6	36	43	41	2	5%
0 - 3	0	3	0	3	100%
Interns	5	5	4	1	20%
Total	64	80	72	8	10%

Table 105: Employees: Financial Services

Financial Performance Year 2012/2013: Financial Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	137 945	154 391	157 602	152 984	(1)%
Expenditure:					
Employees	13 068	17 179	17 814	15 104	(12)%
Repairs and Maintenance	485	36	749	805	2 144%
Other	(3 063)	2 648	2 436	(6 413)	(342)%
Total Operational Expenditure	10 490	19 863	20 999	9 496	(52)%
Net Operational Expenditure	(127 456)	(134 528)	(136 603)	(143 488)	7%

Table 106: Financial Performance Year 2012/2013: Financial Services

Chapter 3

Capital Expenditure Year 2012/2013: Financial Services					
R' 000					
Capital Projects	Year 2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget (under)/over spent	Total Project Value
Total All	1 515	502	93	(94%)	
Program Office Furniture	65	52	56	(14%)	56
Upgrade first floor Finance	1 000	450	26	(97%)	1 500
Leased Office Machines	-	-	11	-	11
Replace leaking roof Finance building	450	-	-	(100%)	?

Table 107: Capital Expenditure: Financial Services

3.24 HUMAN RESOURCE SERVICES

The Human Resources Department contributes to managing the gap between human capacity needs and realities of the Knysna Municipality.

A Human Resources Strategy is in place to align our human resource policies and practices to support the accomplishment of the mission, vision, goals and strategies of Knysna Municipality. The focus is to invest in our human capital to contribute effectively, efficiently and economically to the achievement of short, medium and long term objectives of our Municipality.

The purpose of the human resources strategy is to maximise the potential of the employees at Knysna Municipality through:

- The acquisition of knowledge, skills and values;
- Increased work productivity to achieve a rising quality of life for all;
- Achieving the following human resources strategies over a five year period to address the critical issues;
- Improve the foundations for human development and optimize personnel utilization;
- Improve the supply of high quality skills, especially scarce skills which are more responsive to societal and economic needs;
- Increase employer participation in lifelong learning by promoting learning opportunities;
- Improve professionalism and ethical work practices;
- Review the institutional Structure (restructuring to accommodate new critical needs for effective, efficient and economical service delivery);
- TASK grading and job evaluation (Job descriptions with profiles, competencies and performance standards);
- Recruitment, selection and assigning employees (right person in right position with required competencies and skills);
- Implement Employment Equity targets to address the under representation of black people, women and disabled people in the demographic profile of Knysna Municipality;
- Training and development of staff capacity (management skills on lower, middle and senior levels);

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- Compile critical HR Policies, related procedures and control mechanisms;
- Labour relations (improve relationship with Unions – optimize staff potential, full utilization of staff, improve motivation and productivity and address incapacity cases); and
- Health and Safety (maintain a safe and healthy work environment, safety audit completed critical safety hazards addressed, decrease in job injuries).

In the year ahead work will be done to develop succession and talent retention strategies and policies in order to grow internal capacity and ability. It is believed that this is a key tool to realizing many of the components of the HR strategy.

Workplace Skills Plan

Knysna Municipality has a skills development plan which is updated and reviewed annually in line with the prescripts of the Skills Development Act of 1998. The Act aims to improve the quality of life of the labour force, to encourage the labour force to be self-motivated and to encourage workers to participate in leadership and other programmes. The municipality promotes and implements skills development strategies to facilitate the implementation of the objectives of the Integrated Development Plan. Although the Directorate: Corporate Services drives the Workplace Skills Plan, every municipal department is required to implement the plan and allocate budgets accordingly. This WSP also needs to identify areas where skills shortages exist with a strong focus of developing scarce skills internally which will also assist to stimulate the local economy.

Chapter 3

Human Resource Services Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Organisational structure approved by Council</i>	An organisational structure provides guidance to all employees by laying out the official reporting relationships that govern the workflow of the municipality.	Number	1	1	1	1	1	1	1
<i>Review Workplace Skills Plan</i>	A workplace skills plan (WSP) is a document that outlines the planned education, training and development interventions for the organisation. Its purpose is to plan and allocate funds for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the strategic requirements as contained in the Integrated Development Plan (IDP), and the individual departmental staffing strategies and individual employees' Personal Development Plans (PDPs). The WSP shall also take into account the employment equity plan, ensuring incorporation of relevant developmental equity interventions into the plan.	Number	1	1	1	1	-	-	-
<i>Revisit/ review or develop the;</i> 1. <i>Occupational Health and Safety policy</i> 2. <i>Sexual Harassment policy and create awareness</i> 3. <i>Staff housing policy</i> 4. <i>Social relief of distress policy</i> <i>Staffing policy</i> 5. <i>Language policy</i>	To support and clarify how employment related issues will be dealt with, by whom and where required specify the time frame within which any action needs to be taken.	Number	-	-	6	8	-	-	-

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Human Resource Services Policy Objectives Taken From IDP									
<i>Skills development: Percentage budget spent on implementation of workplace skills plan (WSP)</i>	The workplace skills plan (WSP). Public Service employers in the national and provincial spheres of government are required in terms of Section 30 of the Skills Development Amendment Act to budget at least one percent [1%] of their payroll for the education and training of their employees. : Measured against training budget.	Percentage	1	0.9	1	1	1	1	1
<i>Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan Indicator</i>	The indicator measures the percentage of people from employment equity target groups employed in the three highest levels of (Municipal Manager, Directors and managers reporting to directors) management in compliance with the approved employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting. The three highest levels are Top Management(MM and Directors); Managers reporting to Directors and Middle Management (Section Heads and Professionals)	Percentage	80	80	80	74.42	80	80	80
<i>Effective implementation of Disciplinary Procedures by commencing with all disciplinary actions within 90 days of management being informed of the transgression</i>	Execution of disciplinary procedures in line with the South African Local Government Bargaining Council's (SALGBC) Disciplinary Procedure and Code Collective Agreement to commence within in 90 days of management being informed.	Percentage	-	-	-	-	100	100	100

Table 108: Human Resource Services Policy Objectives Taken From IDP

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Employees: Human Resource Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	1	1	1	0	0%
10 - 12	5	6	5	1	17%
7 - 9	0	0	0	0	0%
4 - 6	1	2	2	0	0%
0 - 3	0	0	0	0	0%
Total	7	9	8	1	11%

Table 109: Employees: Human Resource Services

Financial Performance Year 2012/2013: Human Resources					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	861	400	400	594	49%
Expenditure:					
Employees	3 038	2 788	2 848	2 735	(2)%
Repairs and Maintenance	-	-	-	-	-
Other	(2 424)	(2 277)	(1 980)	(1 902)	(16)%
Total Operational Expenditure	615	511	868	832	63%
Net Operational Expenditure	(247)	111	468	238	115%

Table 110: Financial Performance Year 2012/2013: Human Resources

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3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our 3 primary objectives in ICT are:

- To minimize IT downtime of the network to less than 5% of the time;
- To ensure that our data is backed-up on a regular basis; and
- To ensure all IT queries are addressed within 5 working days.

With the upgrade on our wireless network there have been improvements in the speed/performance of the network at the external offices; namely Technical Services, Electricity, Risk and Performance offices and Customer Care. We are continually upgrading as technology is improving consistently.

All our systems are backed-up on a regular basis. However there were challenges due to the tape drive not being operational during the conversion from the old Promun server to the new server. This has been resolved and back-ups have commenced as in the past.

IT queries range from hardware to software issues, 99% of the time our technicians address the issues within 2 working days. Our more complex issues are dealt with by specialist staff. The recruitment and retention of competent and experienced personnel remains a significant challenge.

Details	2011/2012	2012/2013		2013/2014
	Actual	Estimate	Actual	Estimate
Network downtime	2.58%	5%	1.82%	5%
Query resolutions	95.67%	97.5%	97.97%	98%
Back-ups	96.67%	100%	100%	100%

Table 111: Service Data for Information and Communication Technology (ICT) Services

Chapter 3

ICT Services Policy Objectives Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Review existing Information Technology</i>	On-going review of the IT policy is imperative to stay current with latest IT related developments and to inform employees what is required of them when using technology provided by the municipality. It is critical to protect the municipality by having a policy to govern areas such as Internet and email usage, security, backups, software and hardware inventory and data retention.	Number	-	-	1	1	1	1	1
<i>Six IT Steering Committee meetings per annum</i>	<p>To improve the municipal capacity – Develop, implement systems to build institutional capacity and develop plan to integrate ICT systems</p> <ol style="list-style-type: none"> 1. To monitor the implementation of the IT Policy 2. To receive reports on projects in IT and to agree changes in priorities and resources 3. To monitor the service levels set for IT and achievement thereof 4. To continuously monitor computing resource with respect to optimising and protecting its value through redeployment and/or renewal 5. To consider emerging IT developments and assess the potential for their deployment 	Number	-	-	-	-	6	6	6

Table 112: ICT Services Policy Objectives Taken From IDP

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Employees: ICT Services					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
16 - 18	0	0	0	0	0%
13 - 15	1	1	1	0	0%
10 - 12	4	6	4	2	33%
7 - 9	0	2	2	0	0%
4 - 6	1	1	1	0	0%
0 - 3	0	0	0	0	0%
Total	6	10	8	2	20%

Table 113: Employees: ICT Services

Financial Performance Year 2012/2013: ICT Services					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5	4	4	25	532%
Expenditure:					
Employees	1 856	2 217	2 499	1 986	(10)%
Repairs and Maintenance	162	1 040	615	598	(43)%
Other	(3 385)	(2 970)	(3 226)	(3 004)	1%
Total Operational Expenditure	(1 367)	288	(112)	(420)	(246)%
Net Operational Expenditure	(1 372)	284	(116)	(445)	(257)%

Table 114: Financial Performance Year 2012/2013: ICT Services

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Capital Expenditure Year 2012/2013: ICT Services					
R' 000					
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	550	556	1 066	94%	
Program Computer Equipment	550	526	544	(1%)	544
Windows licences	-	-	492	-	492
Website Redevelopment(Intangible Asset)	-	30	30	-	30

Table 115: Capital Expenditure: ICT Services

3.26 PROPERTY; LEGAL AND PROCUREMENT SERVICES

This component includes: property; legal; and procurement services.

Details	2010/2011	2011/2012	2012/2013
	Actual No.	Actual No.	Actual No.
All new legislation and proclamations distributed to all Departments	3	5	5
Promulgate by-laws	2	1	1
Provide legal opinions and input on policies, contracts, agreements, legislation, by-laws and authorities	10	7	10

Table 116: Service Data for Legal Services

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Property; Legal; and Procurement Services (Other) Taken From IDP									
Service Indicators	Outline Service Targets	Unit of Measurement	2011/2012		2012/2013		2013/2014	2014/2015	2015/2016
			Target	Actual	Target	Actual	Target		
<i>Report on Council Property Utilisation submitted to Council</i>	Assess all Council property holdings for investment and/or development purposes and submit report to Council	Number	-	-	-	-	1	-	-
<i>Implementation of a Resolution Management System by submitted quarterly reports to Council</i>	To enhance the management of Council resolutions by providing quarterly reports to Council on the progress made in regards to their implementation.	Number	-	-	-	-	4	4	4

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Employees: Other Administration					
Job Level	2011/2012	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Directors, Corporate Services, Community Services, Planning and Development and Technical Services	4	4	4	0	0%
19 - 20	0	0	0	0	0%
16 - 18	1	1	1	0	0%
13 - 15	8	9	9	0	0%
10 - 12	9	11	11	0	0%
7 - 9	5	5	4	1	20%
4 - 6	21	27	27	0	0%
0 - 3	6	6	6	0	0%
Total	54	63	62	1	2%

Table 117: Employees: Other Administration

Financial Performance Year 2012/2013: Other Administration					
R'000					
Details	2011/2012	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10 446	3 913	3 964	4 689	20 %
Expenditure:					
Employees	17 954	23 231	22 311	19 070	(18)%
Repairs and Maintenance	3 589	4 979	6 019	3 831	(23)%
Other	(2 632)	5 633	5 168	1 036	(82)%
Total Operational Expenditure	18 911	33 843	33 497	23 938	(29)%

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Net Operational Expenditure	8 465	29 930	29 533	19 248	(36)%
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Table 118: Financial Performance Year 2012/2013: Other Administration

Capital Expenditure Year 2012/2013: Other Administration					
R' 000					
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5 016	765	1 269	(75%)	
Program Tools and Equipment	260	382	597	130%	587
Program Small Plant	190	194	401	111%	401
Program Office Furniture	124	189	270	118%	270
Refurbishment/upgrade of municipal buildings (Stores complex)	442	-	-	(100%)	0

Table 119: Capital Expenditure: Other Administration

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COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes the Annual Performance Scorecard Report for the current year.

Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties earning less than R2500 per month with access to free basic services. WATER	This indicator reflects the 100% social rebate granted in respect to the annual water availability fee charged to qualifying home owners of single residential properties.	1 658 page 124 of the Annual Report 2011/12	Number	1 370	971	No of HH receiving free basic water	0 / 0	0 / 0	0 / 0	1 370 / 971	Yes	None Required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties earning less than R2500 per month with access to free basic services; SANITATION/ SEWERAGE	This indicator reflects the 100% social rebate granted in respect to the annual sanitation fee charged to qualifying home owners of single residential properties.	1 658 as per Annual Report 2011/12	Number	1 370	1 454	No of HH receiving free basic sanitation	0 / 0	0 / 0	0 / 0	1 370 / 1 454	Yes	None Required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties earning less than R2500 per month with access to free basic services; ELECTRICITY	Indicator Definition This indicator relates to the Pre-Paid Electricity Tariff Electrification Housing Scheme (Limited to 20A) limited to 400kWh and first 50kWh free	8 012 2011/12 Annual Report page 124	Number	8 100	8 331	No of HH receiving free basic electricity	0 / 0	0 / 0	0 / 0	8 100 / 8 331	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties earning less than R2500 per month with access to free basic services; SOLID WASTE/REFUSE	This indicator reflects the 100% social rebate granted in respect to the annual solid waste fee charged to qualifying home owners of single residential properties.	1 658 page 124 of the Annual Report	Number	1 370	1 465	No of HH receiving free basic refuse removal	0 / 0	0 / 0	0 / 0	1 370 / 1 465	Yes	None Required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Establishment of a Steering Committee for the development of the Integrated Strategic Development Framework an accurate reflection of the meeting.	The indicator captures the establishment of the Steering Committee which will drive, guide and manage the ISDF process. The minutes are signed as an indication of approval and that they are	New PI	Number	1	1	Minutes of the establishment meeting of the Committee signed by the Chair of the Committee and captured on Collaborator	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Implementation of the access to basic service programme	This indicator reflects the number of toilets provided in informal settlements during the period under review in terms of the ABS project. Certain toilets may however have been vandalised or removed after provision.	750 toilets constructed page 32 2011/2012 Annual Report	Number	700	262	Payment certificate from the Consulting Engineers as signed off by the Manager: Human Settlements	175 / 15	175 / 0	175 / 130	175 / 262	No	Due to the slow progress on the project the administration gave notice to the Contractor to increase their capacity

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Transfer of Council housing opportunities to the approved occupier or approved beneficiary in order to upgrade their tenure to full title via a Title Deed	<p>A housing opportunity is access to* and/or delivery of one of the following housing products:</p> <p>(A) subsidy housing (BNG), which provides a minimum 40 m² house;</p> <p>(B) incremental housing, which provides a serviced site with or without tenure;</p> <p>(C) rental housing, which is new community residential units, upgrading and redevelopment of existing rental units;</p> <p>(D) People's Housing Process, i.e. beneficiaries who maximise their housing subsidy by building or organising the building of their homes themselves;</p> <p>(E) land restitution including land approved by Council or court decisions transferred to valid claimants; social housing, namely new rental units delivered by the municipalities social housing partners; or</p> <p>(F) gap housing, which is a serviced plot, a completed unit for sale or affordable units for sale. * "Access to" means the same as contemplated in section 26(1) of the Constitution of the Republic of South Africa, 1996, namely "Everyone has the right to have access to adequate housing". An approved beneficiary is the person who has been approved for a housing grant by the Provincial Department of Human Settlements, in terms of the Housing Act. The approved occupier is the person with whom the Municipality has entered into a sales agreement in order to purchase the property.</p>	154 Departmental SDBIP 2011/2012 D351	Number	400	0	Copies of the invoices from the Attorney responsible for the conveyancing and transfers which set out all the transfer agreements sent to the Deeds Office are stored on Collaborator	100 / 0	200 / 0	300 / 0	400 / 0	No	Processes have been developed to address the delay in transfers and will be resolved during 2013/2014

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Approval of building plans within 30 days for buildings less than 500m2 and 60 days for buildings larger than 500m2 after all information required is correctly submitted	Percentage of applications approved within statutory timeframes (30 – 60 days). The objective is to improve approval time of the applications. The approval of building plans is measured within the statutory timeframes of < 500 m2 (30 days) and > 500 m2 (60 days). Refer section A7 of the National Building Regulations Act (Act 103 of 1977).	89% page 81 of the 2011/2012 Annual Report	Percentage	80	97	Percentage based upon numerator / denominator = plans which were approved on target (numerator) divided by the total number of plans submitted for the period	80 / 93	80 / 97	80 / 99	80 / 100	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Processing of land use applications within 90 days after receipt of all outstanding and relevant information and documents	The indicator measures the percentage of applications processed within timeframes (90 days). The objective is to improve processing time of the applications. This is not a statutory timeframe, but one set as a target to expedite turnaround times for application.	87% Departmental SDBIP 2011/2012 D362	Percentage	80	82	Percentage based upon numerator / denominator = plans which were approved on target (numerator) divided by the total number of plans submitted for the period	80 / 90	80 / 73	80 / 80	80 / 85	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Annually review and submission of the Disaster Management Plan	The purpose of the Disaster Management Plan (DMP) is to enhance the capacity of the Municipality to prevent and to deal with disaster and to avoid developments which are subject to high risk of disaster. The DMP is seen as the information guide to the relevant role players. It advises the role players how to lead in case of a disaster to prevent or at least mitigate negative effects on the Greater Knysna. The DMP will be the basis to establish procedures which will assure maximum and efficient utilisation of all resources in and around the Greater Knysna area to minimize the loss of life and/or injury. With a comprehensive DMP, Knysna Municipality will be better prepares to support the local communities in dealing with disasters and to speed up the recovery process. It is crucial to have effective and efficient disaster risk management in order to save lives, prevent escalation of emergencies and incidents and relive suffering.	1 Plan approved page 79 2011/2012 Annual Report	Number	1	1	# Completed	0 / 0	1 / 1	0 / 0	0 / 0	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Feasibility Report on the establishment of 3 Multi-Purpose Centres.	The Multi-Purpose centres will serve as centres for the use of the broader community providing clustered multifunctional community facilities.	New PI	Number	3	3	Number of projects	0 / 0	0 / 0	0 / 0	3 / 3	Yes	None Required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Design approval of upgrade to the Knysna library from 500 m2 to approximately 946 m2	To provide additional floor space to cater for the increased number of patrons. Additional to comply as far as possible within physical limitations with provincial library service's norms and standards which stipulate that 'for every 1000 persons, a floor space of 100 square meters is required for the library to operate optimally'	New PI	Number	1	1	Number of projects	0 / 0	0 / 0	1 / 1	0 / 0	Yes	None Required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Develop and submit a library outreach strategy.	To define the vision and to clarify the purpose of the library outreach programs and projects.	New PI	Number	1	1	Strategy developed	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Review of the Electricity Master-Plan for Knysna and Sedgefield	The objective of the Electricity Master-Plan for Knysna and Sedgefield is to provide the municipality with a clear assessment of the current state of the electrical infrastructure and the long-term plan for the required development to the network to support the envisaged demand growth in Knysna and Sedgefield.	New PI	Number	2	0	Review submitted to Council	0 / 0	0 / 0	0 / 0	1 / 0	No	Has been included in the future top level SDBIP in line with the approved IDP

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Compile a master maintenance plan for all municipal buildings	The master maintenance plan for all municipal buildings to be commenced during 2012/13 will be used as a guide to determine budget requirements for refurbishment as well as repairs and maintenance required to optimise the condition of the buildings. Refurbishment relates to replacement of assets. Maintenance relates the actions required for an asset to achieve its expected useful life and repair relates to fixing of assets. Planned maintenance includes asset inspection and activities as required by the plan at the time it is required. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on maintenance and repairs are considered operational expenditure and are expensed in a single financial year if possible.	New PI	Number	1	1	Plan completed	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Produce class 0 quality drinking water	Indicator Definition Percentage of test that comply to with SANS (South African National Standard) 241 standards "SANS 241 specifies the quality of acceptable drinking water, defined in terms of microbiological, physical, aesthetic and chemical determinants, at the point of delivery." - ISBN 978-0-626-26115-3 This indicator measures the total of percentage achieved by all water treatment works in the Greater Knysna area.	New PI	Percentage	90	97	% water quality	90 / 98	90 / 98	90 / 98	90 / 93	Yes	None required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Submit the updated pavement management system to Council every 3 years	The Pavement Management System (PMS) is a report on the condition of Knysna's roads as a result of an inspection on site. The system contains the results of the inspection, proposes required remedial actions and lists these in priority and provides cost estimates. The PMS gives input in to the annual and long term budget as well as tracks the back logs. It displays the information visually and groups the output in towns as well as suburbs.	New PI	Number	1	1	System updated and submitted to Council	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Limit water unaccounted for	Indicator Definition This indicator measures unaccounted for water which represents the difference between "net production" (the volume of water delivered into the water network) and "consumption" (the volume of water that can be accounted for by legitimate consumption including the indigent consumption.) The reason for the high target due the shortfall of funds for infrastructure refurbishment.	18% page 82 2011/2012 Annual Report	Percentage	27	18.4	% of water unaccounted for	27 / 14	27 / 30	27 / 12	27 / 05	Yes	None Required
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The percentage of a municipality's capital budget actually spent on budgeted capital projects	Percentage reflecting year-to-date spend/total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at the year-end.	71% Page 78 2011/12 Annual Report	Percentage	100	107	(numerator / denominator) Capital Spent by Directorate / Capital Budget for Directorate (IDP)	09 / 07	28 / 26	59 / 47	100 / 107	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties with access to basic level of sanitation.	The indicator reflects the number of residential properties connected to the municipal waste water (sanitation/sewerage) network irrespective of the number of water closets (toilets).	New PI	Number	10 440	9 905	Number of registered domestic consumers on the Promun billing system	0 / 0	0 / 0	0 / 0	10 440 / 9 905	Yes	<p>None Required;</p> <p>Targets not reached do not in any way refer to backlogs in applications not timely processed which could in any manner impact negatively on service delivery.</p> <p>Instead, the number of single residential properties with access to basic level of services can only be increased as new applications for services from the public are received. The number of applications received is however not within the control of this Municipality, and therefore, other than limiting tariff increases in rates as services for the 2013/2014 budget to as low as possible in an attempt to motivate future investment in the town, no other corrective measures can be implemented to increase the actual outcomes.</p>

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties with access to basic level of solid waste removal.	This indicator reflects the number of single residential properties receiving a weekly door to door refuse removal service this excludes vacant residential properties.	New PI	Number	13 240	12 793	Number of registered domestic consumers on the Promun billing system	0 / 0	0 / 0	0 / 0	13 240 / 12 793	Yes	<p>None Required</p> <p>Targets not reached do not in any way refer to backlogs in applications not timely processed which could in any manner impact negatively on service delivery.</p> <p>Instead, the number of single residential properties with access to basic level of services can only be increased as new applications for services from the public are received. The number of applications received is however not within the control of this Municipality, and therefore, other than limiting tariff increases in rates as services for the 2013/2014 budget to as low as possible in an attempt to motivate future investment in the town, no other corrective measures can be implemented to increase the actual outcomes.</p>

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To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties with access to basic level of water.	The indicator reflects the number of residential properties connected to the municipal water infrastructure network for credit Meters	New PI	Number	10 560	10 350	Number of registered consumers on the Promun billing system	0 / 0	0 / 0	0 / 0	10 560 / 10 350	Yes	<p>None Required</p> <p>Targets not reached do not in any way refer to backlogs in applications not timely processed which could in any manner impact negatively on service delivery.</p> <p>Instead, the number of single residential properties with access to basic level of services can only be increased as new applications for services from the public are received. The number of applications received is however not within the control of this Municipality, and therefore, other than limiting tariff increases in rates as services for the 2013/2014 budget to as low as possible in an attempt to motivate future investment in the town, no other corrective measures can be implemented to increase the actual outcomes.</p>

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To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	The number of single residential properties with access to basic level of electricity.	The indicator reflects the number of residential properties connected to the municipal electrical infrastructure network for both credit and prepaid metering.	16600 SDBIP 2011/2012 D609	Number	18 000	18 475	Number of registered consumers on the Promun billing system	0 / 0	0 / 0	0 / 0	18 000 / 18 475	Yes	<p>None Required</p> <p>Targets not reached do not in any way refer to backlogs in applications not timely processed which could in any manner impact negatively on service delivery.</p> <p>Instead, the number of single residential properties with access to basic level of services can only be increased as new applications for services from the public are received. The number of applications received is however not within the control of this Municipality, and therefore, other than limiting tariff increases in rates as services for the 2013/2014 budget to as low as possible in an attempt to motivate future investment in the town, no other corrective measures can be implemented to increase the actual outcomes.</p>

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To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Comply to standard set by DWA for waste water treatment	The Department of Water Affairs (DWA) has set special standards for waste water effluent that seeks to measure and maintain the quality of the effluent in order prevent pollution of the environment. The higher standards instigated the Waste Water Treatment Works (WWTW) upgraded.	New PI	Number	12	0	Submit lab test results monthly to Council	3 / 0	3 / 0	3 / 0	3 / 0	No	Process will be put in place to ensure regular reporting to Council
To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	Comply with grant funding conditions.	The monthly report details on site progress or planning progress as well as financial spending progress in relation to grants allocated to the municipality.	New PI	Number	12	12	Submit monthly progress report on capital projects to MM	3 / 3	3 / 3	3 / 3	3 / 3	Yes	None Required
To ensure ecological integrity through sustainable practices of municipal governance	Participate in Provincial and District Climate Change planning processes by attending four meetings per year	The indicator measures the number of meetings attended in order to participate in Provincial and District Climate Change planning processes	New PI	Number	4	4	Meetings attended	1 / 0	1 / 1	1 / 3	1 / 4	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure ecological integrity through sustainable practices of municipal governance	Submit Estuary Pollution Plan to Council by December 2012	The indicator measures the submission of an item to Council setting out the Estuary Pollution Plan in order to get Council's approval for the plan.	New PI	Number	1	1	Council resolution reflecting the submission of the plan stored on Collaborator	0 / 0	1 / 0	0 / 0	0 / 1	Yes	None Required
To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitate pro-poor interventions	Submit draft policy on informal trading to Council	The Knysna Municipality recognises informal trading as a positive development in the micro business sector as it contributes to the creation of jobs and has the potential to expand further the Knysna Municipality's economic base. The Knysna Municipality recognises its responsibility towards informal traders as part of their ED strategy and wishes to embody this in this policy. In order to encourage economic growth this sector has to be encouraged to develop from survivalist to more formal business enterprises. It is generally understood that different levels of trading exist within the Informal Trading sector namely Level 1: Survivalist Trading (Makes sufficient income to sustain trader and family), Level 2: Informal Trading (Makes sufficient to support personal and family needs but is also able to operate on a profit basis) and Level 3: Formal Trading (Has a fixed location and is run on formal business principle). The policy aims to guide the municipality in facilitating the movement of traders through these levels. In addition the policy will guide the municipality in the management of the municipal land on which the trading takes place.	New PI	Number	1	1	1 Informal draft trader policy submitted to Council by June 2013	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitate pro-poor interventions	Comprehensive Rural Development Programme (CRDP)	Rheenendal and Karatara rural wards have been identified and activated as Comprehensive Rural Development Wards as part of Department of Rural Development's CRDP initiative. The purpose of the programme is to harness all resources from various sources to provide key interventions to enable economic development within these rural settlements.	New PI	Number	1	1	Council approval of CRDP Nodes	0 / 0	0 / 0	0 / 1	1 / 0	Yes	None Required
To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitate pro-poor interventions	Number of Expanded Public Works Programme (EPWP) job opportunities created	This indicator measures the number of work opportunities created through the Expanded Public Works Programme (EPWP). An EPWP work opportunity is paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes.	82 page 131 Annual Report 2011/2012	Number	500	1 316	500 expanded Public Works Programme (EPWP) job opportunities created	125 / 0	125 / 0	125 / 593	125 / 1 316	Yes	None Required
To facilitate real opportunities for youth, women, and disabled and appropriate care for the aged.	Establish HIV/AIDS Forum	The objective of the Forum is to create awareness around the issue of HIV/AIDS in our community.	New PI	Number	0 (Next Year)	0	Establishment of a HIV/AIDS Forum	0 / 0	0 / 0	0 / 0	0 / 0	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annua l Target	Annua l Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To facilitate real opportunities for youth, women, and disabled and appropriate care for the aged.	Number of Expanded Public Works Programme (EPWP) job opportunities created	Number of Expanded Public Works Programme (EPWP) job opportunities created for youth and woman.	New PI	Number	300	767	Amount of jobs created for youth and woman (EPWP)	100 / 0	100 / 0	100 / 350	100 / 767	Yes	None Required
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Quality Assurance Programme approved by Audit Committee	The Internal Audit Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit: (1) Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics; (2) Operates in an effective and efficient manner; and (3) Is perceived by stakeholders as adding value and improving Internal Audit's operations. To that end, Internal Audit's QAIP will cover all aspects of the Internal Audit activity (Standard 1300).	New PI	Number	1	1	1 [one] (Number)	0 / 0	0 / 0	0 / 1	1 / 0	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Review of the communication policy	The policy review is to ensure that communications across the municipality are co-ordinated, effectively managed and responsive to the diverse information needs of the public. Deliver prompt, courteous and responsive service that is sensitive to the needs and concerns of the public and respectful of individual rights. To assist directorates to provide timely, accurate, clear, objective and complete information about its policies, programs, services and initiatives.	(None) Current policy/strategy approved 29 January 2008	Number	1	1	1 [one] (Number)	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Risk based internal audit plan approved annually by Audit Committee	The Risk Based Audit Plan (RBAP) is based on the risks identified within the municipality. The plan is approved by the Audit Committee and Council every three years and reviewed annually. The RBAP may be amended more frequently were required with approval from the Audit Committee and Council.	1 plan approved by Audit Committee and Council	Number	1	1	Plan approved	0 / 0	0 / 0	1 / 1	0 / 0	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Risk Management Committee (RMC) meetings	The Risk Management Committee functions as a nexus where all risk related governance issues are investigated and resolved. It is an oversight committee appointed by the municipal manager to review and assess the effectiveness and control processes of risk management within the municipality and present the findings to assurance providers such as the Audit Committee, Internal Audit and the Auditor General.	New PI	Number	2	3	Number of meetings	0 / 0	1 / 1	0 / 1	1 / 1	Yes	None Required
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Implement an individual performance management system up to second line managers	Individual performance is about linking individual employee's objectives with the municipality's strategic objectives. The emphasis is on improvement, learning and development in order to achieve the overall vision of the municipality and to create a high performance workforce. This process will be rolled out to other levels within the municipality in line with available resources and capacity over the next few years.	0	Percentage	100	100	Up to post level T11 implemented	25 / 05	50 / 95	75 / 95	100 / 100	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Project clean audit	This indicator measures good governance and accounting practices and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion refers to the position where the auditor, having completed his audit, has no reservation as to the fairness of presentation of financial statements and their conformity with General Recognised Accounting Practices. This is referred to as a 'clean opinion'. Alternatively, in relation to a qualified audit opinion, the auditor would issue this opinion in whole, or in part, over the financial statements if these are not prepared in accordance with General Recognised Accounting Practices, or if he could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.	Unqualified with matters of emphasis	Number	1	1	Unqualified Audit issued by Auditor General	0 / 0	0 / 0	1 / 1	0 / 0	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Review all following legislative budget implementation policies; 1. Budget 2. Cash, Liability and Investment Management 3. Credit Control 4. Funding and Reserves Indigent and Social Rebate Property Rates 5. Supply Chain Management 6. Tariff	Budget policies serve as the cornerstone of financial viability and ensure that the Municipality remains an on-going concern.	8	Number	8	8	Eight policies	0 / 0	0 / 0	0 / 0	8 / 8	Yes	None Required
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Review existing Information Technology Policy	On-going review of the IT policy is imperative to stay current with latest IT related developments and to inform employees what is required of them when using technology provided by the municipality. It is critical to protect the municipality by having a policy to govern areas such as Internet and email usage, security, backups, software and hardware inventory and data retention.	New PI	Number	1	1	Review submitted to Council	0 / 0	0 / 0	1 / 1	0 / 0	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Financial viability as expressed by the following ratio: Debt Coverage	The ratio measures the ability to cover debt service payments with own revenue to aid in determining the financial viability of the municipality	12.76 Page 77 2011/2012 Annual Report	Number	25.5	0	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	0 / 0	0 / 0	0 / 0	25.5 / 23.5	No	Only moderately below the target. No intervention currently required
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Financial viability as expressed by the following ratio: Outstanding Service Debtors to Revenue	To calculate the ratio of service debtor to service revenue to aid in determining the financial viability of the municipality	34.22 Page 77 2011/2012 Annual Report	Percentage	15.5	0	Net Debtors to Annual Income (Analysis 3.7). Norm is 11-15%	0 / 0	0 / 0	0 / 0	15.5 / 17.2	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Financial viability as expressed by the following ratio: Cost Coverage	To calculate the ability to cover fixed cost with available cash to aid in determining the financial viability of the municipality	2.35 Page 77 2011/2012 Annual Report	Number	2	0	Cost coverage ((Available cash+ investments) / Monthly fixed operating expenditure	0 / 0	0 / 0	0 / 0	2 / 1.4	No	Only moderately below the target. No intervention currently required.
To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	Debtors payment level	The debtor's payment level directly relates to the municipalities capacity to collect amounts due in regards to rates, service and sundry charges and is fundamental to maintain positive cash flows and ensuring stability and long term financial viability.	96% Page 85 2011/2012 Annual Report	Percentage	93	0	Payment %	0 / 0	0 / 0	0 / 0	93 / 94	No	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To develop progressive strategies to optimise the use of available human resources	Organisational structure approved by Council	An organisational structure provides guidance to all employees by laying out the official reporting relationships that govern the workflow of the municipality.	Organisational structure approved Departmental SDBIP 2011/2012 D135	Number	1	1	# Completed	0 / 0	0 / 1	0 / 0	1 / 1	Yes	None Required
To develop progressive strategies to optimise the use of available human resources	Review Workplace Skills Plan	A workplace skills plan (WSP) is a document that outlines the planned education, training and development interventions for the organisation. Its purpose is to plan and allocate funds for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the strategic requirements as contained in the Integrated Development Plan (IDP), and the individual departmental staffing strategies and individual employees' Personal Development Plans (PDPs). The WSP shall also take into account the employment equity plan, ensuring incorporation of relevant developmental equity interventions into the plan.	1 Departmental SDBIP 2011/2012 D147	Number	1	1	Review submitted to Council	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To develop progressive strategies to optimise the use of available human resources	Skills development: Percentage budget spent on implementation of workplace skills plan (WSP)	The workplace skills plan (WSP). Public Service employers in the national and provincial spheres of government are required in terms of Section 30 of the Skills Development Amendment Act to budget at least one percent [1%] of their payroll for the education and training of their employees. : Measured against training budget.	0.9% Annual Report page 77/152	Percentage	1	1	% Of personnel budget use for skills development	0 / 0	0 / 0	0 / 0	1 / 1	Yes	None Required
To develop progressive strategies to optimise the use of available human resources	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan	The indicator measures the percentage of people from employment equity target groups employed in the three highest levels of (Municipal Manager, Directors and managers reporting to directors) management in compliance with the approved employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting. The three highest levels are Top Management(MM and Directors); Managers reporting to Directors and Middle Management (Section Heads and Professionals)	80% Departmental SDBIP 2011/2012 D186	Percentage	80	74	System: Approved employment equity plan versus actual employment figures as at 30 June Calculation: The number of employees at June 30	80 / 80	80 / 73	80 / 78	80 / 67	No	Performance is dependent on outside factors such as the availability of suitable employment equity candidates. It is intended to address the challenge by implementing a retention strategy, as well as succession planning.

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Strategic Focus Area (IDP)	Key Performance Indicator	Definition	Baseline (Previous years actual)	Type	Annual Target	Annual Actual	Unit of Measure	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance
To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry	Revisit/ review or develop the; 1)Occupational Health and Safety policy 2)Sexual Harassment policy and create awareness 3)Staff housing policy 4)Social relief of distress policy 5)Staffing policy 6)Language policy	To support and clarify how employment related issues will be dealt with, by whom and where required specify the time frame within which any action needs to be taken.	New PI	Number	6	8	Reviewed policies submitted to Council (6 Policies)	0 / 0	0 / 0	0 / 0	6 / 8	Yes	None Required
To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry	Develop a Library Customer Relations Policy.	Clarify and standardise the routine operational procedures of the library, especially as they relate to the borrowing privileges of the patrons.	New PI	Number	1	0	Approved Library Customer Relations Policy	0 / 0	0 / 0	0 / 0	1 / 0	No	Once the draft is finished it will be workshopped with the Librarians in August/September. The first draft will go to go to section 80 committee in October 2013.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE
(PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employee Totals

The Knysna Municipality currently employs 807 (including non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

Employees Totals					
Description	2011/2012	2012/2013			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	60	63	58	5	8%
Waste Water (Sanitation)	32	37	35	2	5%
Electricity	31	38	32	6	16%
Waste Management	90	95	93	2	2%
Housing	14	17	15	2	12%
Roads	72	82	78	4	5%
Transport	10	11	10	1	9%
Waste Water (Stormwater Drainage)	2	3	2	1	33%
Planning	11	14	11	3	21%
Local Economic Development	5	6	6	-	0%
Libraries; Archives; Museums; Galleries; Community Facilities; Other	59	71	62	9	13%
Employees: Cemeteries and Crematoriums	8	9	9	-	0%

Bio-Diversity; Landscape and Other	2	3	3	-	0%
Police (Safety and Security Officers)	29	37	35	2	5%
Fire Services	19	32	32	-	0%
Sport and Recreation	56	58	55	3	5%
Council, Committees and Pensioners	112	113	112	1	1%
Executive and Council	4	9	9	-	0%
Finance	64	80	72	8	10%
Human Resources	7	9	8	1	11%
ICT Services	6	10	8	2	20%
Property; Legal; and Procurement Services (Other)	54	63	62	1	2%
Totals	747	860	807	53	6%

Table 120: Employees Totals

Turnover Rate

A high turnover rate may be costly to a Municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the turnover rate within the Municipality. The turnover rate shows a decrease from 8.4% in 2010/11 to 4.3% in 2012/13.

The table below indicates the turn-over rate over the last three years:

Turn-over Rate				
Details	Total Appointments as of beginning of Financial Year No.	New Appointments	Terminations during the Financial Year No.	Turn-over Rate*
2010/2011	633	68	53	8.4%
2011/2012	643	41	32	5.0%
2012/2013	747	88	32	4.3%

Table 121: Turn-over Rate

The reason for the decrease in the turnover rate for the 2011/12 financial year can be attributed to less retirements, good human resource practices and fewer resignations.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff. The table below shows the HR policies and plans that are approved and that still needs to be developed:

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100	100	25 January 2005
2	Attraction and Retention	100	Under review	2004
3	Code of Conduct for employees	100	-	2000
4	Delegations, Authorisation and Responsibility	100	100	3 September 2012
5	Disciplinary Code and Procedures	100	Under review	It is a Bargaining Council document
6	Essential Services	0	0	It is in the agenda of the Local Labour Forum.
7	Employee Assistance / Wellness	100	100	25 Jan 2005
8	Employment Equity	100	100	25 Jan 2005
9	Exit Management	-	-	
10	Grievance Procedures	100	100	It is a Bargaining Council document
11	HIV/Aids	100	100	25 Jan 2005
12	Human Resource and Development	100	100	August 2013
13	Information Technology	100	100	2013
14	Job Evaluation	100	100	August 2002. It is a SALGA process
15	Leave	100	100	2013
16	Occupational Health and Safety	100	100	2013
17	Official Housing	100	100	29 March 2007
18	Official Journeys	100	100	2006
19	Official transport to attend Funerals	-	-	
20	Official Working Hours and Overtime	100	100	2006

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
21	Organisational Rights	100	100	2007, It is a Bargaining Council document.
22	Payroll Deductions	-	-	
23	Performance Management and Development	100	-	22 June 2012
24	Recruitment, Selection and Appointments	100	Under review	2004
25	Remuneration Scales and Allowances	100	100	It is a Bargaining Council document
26	Resettlement	-	-	
27	Sexual Harassment	100	-	25 Jan 2005
28	Skills Development	100	100	2013
29	Smoking	100	-	2001
30	Special Skills	-	-	
31	Work Organisation	-	-	
32	Uniforms and Protective Clothing	-	-	
33	Other: Experiential Learning and Internship	100	-	2006
34	Staff Bursary Policy	100	100	2007
35	Private Work Policy	100	-	2012
36	Acting Policy	100	-	2005
37	Ill Health Policy	100	-	2006
38	Cellular Telephone Policy	100	-	2010

Table 122: HR Policies and Plans

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Injuries on Duty

Occupational injuries will influence the loss of man hours and therefore financial and productivity performance. The injury rate shows a decrease for the 2012/13 financial year from 33 employees injured against 72 employees in the 2011/12 financial year. Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	243	31	13%	7.8	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	264	2	1%	132	0
Fatal	0	0	0	0	0
Total	507	33	7%	101	0

Table 123: Number and Cost of Injuries on Duty

Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The table below indicates the total number sick leave days:

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification (1) %	Employees using sick leave No.	Total employees in post (2) No.	Average sick leave per Employees (3) Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	897	5%	77	89	1.41	189
Skilled (Levels 3-5)	2 333	12%	183	225	3.66	656

Highly skilled production (levels 6-8)	1 340	24%	156	178	2.10	612
Highly skilled supervision (levels 9-12)	697	29%	87	112	1.09	527
Senior management (Levels 13-15)	161	35%	24	27	0.25	198
MM and S57	6	50%	2	6	0.01	11
Total	5 434	17%	529	637	8.53	2 193

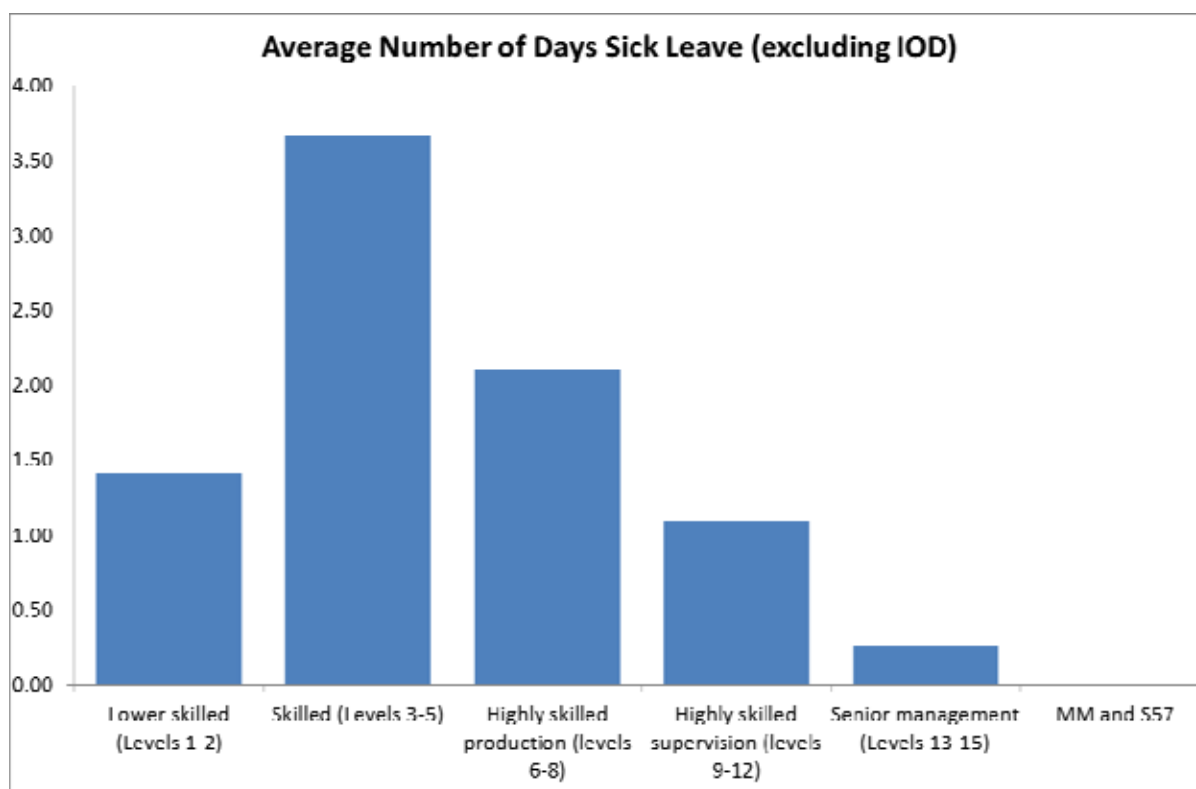
(1) A medical certificate is required for sick leave of more than two consecutive days

(2) Number of employees in post at the beginning of the year

(3) Average is calculated by taking sick leave in column 2 divided by total employees in column 5

Difference between total employees 4.1 and column 5 relates to Councillors, Ward Committee Members, Audit Committee members and Pensioners

Table 124: Number of days and Cost of Sick Leave



Injuries in the Operational Services are normally higher due to the nature of work and the constant handling of equipment and machinery.

No disciplinary actions were taken against any officials on cases of financial misconduct.

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			

Table 125: Disciplinary Action Taken on Cases of Financial Misconduct

4.4 PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R. 805 a bonus may only be paid after the municipal council has adopted the annual report of the year under review.

All Managers (or Acting Managers) appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. The Individual Performance Management System has been cascaded down to the second reporting line of managers. Currently no performance bonus system or policy exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

The table below sets out the total number and cost of annual bonuses paid out to senior managers and fixed term contract employees for the 2011/2012 financial year:

Performance Rewards by Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0

Performance Rewards by Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Senior management (Levels 13-17)	Female	0	0	0	0
	Male	0	0	0	0
Acting directors and fixed contract employees	Female	0	0	0	0
	Male	4	4	175	100
MM and S57	Female	1	1	115	100
	Male	4	4	316	100
Total		9	9	606	100

Table 126: Performance Rewards by Gender

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2013 No.	Number of skilled employees required and actual as at 30 June Year 2012/2013											
			Learnerships			Skills programmes and other short courses			Other forms of training			Total		
			Actual: End of Year 2011/2012	Actual: End of Year 2012/2013	Year 2012/2013 Target	Actual: End of Year 2011/2012	Actual: End of Year 2012/2013	Year 2012/2013 Target	Actual: End of Year 2011/2012	Actual: End of Year 2012/2013	Year 2012/2013 Target	Actual: End of Year 2011/2012	Actual: End of Year 2012/2013	Year 2012/2013 Target
MM and s57	Female	1					1	1					1	1
	Male	4					4	4					4	4
Councillors, senior officials and managers	Female	16					5	5					5	5
	Male	27		1			12	12		5			18	12
Technicians and associate professionals*	Female	7					1	1		2			3	1
	Male	33					0	0		11			11	0
Professionals	Female	27		1			7	7		6			14	7
	Male	16		1			7	7		7			15	7
Sub total	Female	51		1			14	14		8			23	14
	Male	80		2			23	23		23			48	23
Total		131	0	3	0	0	37	37	0	31	0	0	71	37

Table 127: Skills Matrix

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	4	0	4	0	4	4
<i>Any other financial officials</i>	29	0	29	0	0	16
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	36	0	36	0	6	23

Table 128: Financial Competency Development: Progress Report

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

Regulation R493 of the National Treasury requires that all identified officials in a municipality should have achieved minimum competencies by June 2014, having been extended from the initial date of January 2013. There are 32 officials from Knysna Municipality who are required to comply with these regulations. To date 8 officials completed the units standards they are required to do, they are waiting for formal results from the SETA.

Those who have not completed are still busy with the programme and it is envisaged that they will have qualified by the due date.

The table below indicates that a total amount budgeted and spent in terms of the workplace skills plan:

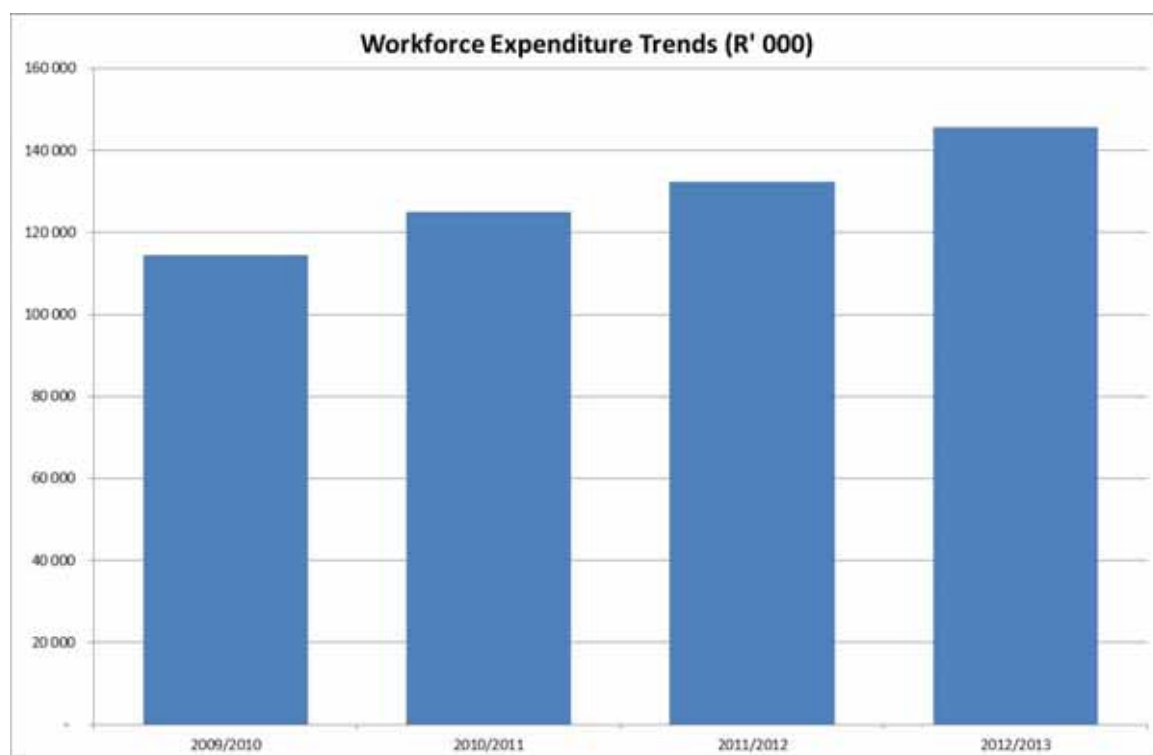
Skills Development - Budget Allocation						
						R' 000
Financial Year	Total personnel budget	Total Original Training Budget	Total Amended Training Budget	Total Spend	Variance to Original Budget %	Variance to Amended Budget %
2011/2012	131 526	1 555	1 302	883	57	68
2012/2013	149 023	1 304	1 431	930	71	65

Table 129: Skills Development Expenditure

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.6 EMPLOYEE EXPENDITURE



Number of Employees whose Salaries Were Increased due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0

Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-17)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Table 130: Number of Employees whose Salaries Were Increased due to Their Positions Being Upgraded

Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	TASK Job evaluation level	Remuneration level	Reason for deviation
General Worker	2	2	R 77 064	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
General Assistant	1	3	R 81 336	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Handyman Assistant	1	4	R 96 912	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Cashiers	6	5	R 100 656 – R 121 008	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality.
Clerk	1	5	R 114 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Field Worker	1	5	R 102 264	Implementation of Task
Meter Readers	4	5	R 104 016 – R 105 672	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.

Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	TASK Job evaluation level	Remuneration level	Reason for deviation
Library Assistants	10	6	R 99 096 – R 140 328	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality.
Plant Operator	1	6	R 140 352	Implementation of Task.
Secretary	4	6	R 128 760 – R 157 632	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Senior Cashier	1	6	R 169 704	Implementation of Task.
Senior Clerks	18	6	Ranges from R 121 032 – R 169 704	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality, – experience and implementation of Task.
Executive Secretary	2	7	R 153 648 – R 201 816	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Junior Fireman	1	7	R 140 328	Implementation of Task.
Principal Clerk	1	7	R 140 352	Implementation of Task.
Senior Supervisor	6	7	R 143 400 – R 169 704	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality, implementation of Task and experience
Supervisors	13	7	Ranges from R 150 072 – R 169 704	Internal equalisation of salaries after amalgamation of other municipalities into Greater Knysna Municipality, – implementation of Task.

Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	TASK Job evaluation level	Remuneration level	Reason for deviation
Chief Clerks	3	8	R 169 704 – R 201 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Officers	3	8	R 184 704 – R 201 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Foreman	1	9	R 201 816	Implementation of Task
Building Inspector	1	10	R 201 840	Implementation of Task.
Electrician	1	10	R 201 816	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Traffic Officer	1	10	R 201 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Administration Officer	1	11	R 246 096	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Controllers	2	11	R 246 096	Internal equalisation of salaries after amalgamation of municipalities into Greater Knysna
Project Coordinator	1	11	R 271 704	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Technician	1	11	R 271 704	Implementation of Task.
Accountant	1	12	R 300 000	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality.
Building Control Officer	1	12	R 300 000	Implementation of Task.
Compliance Officer	1	12	R 292 464	Redundancy and placement into a new position.
Superintendent	1	12	R 300 000	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.

Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	TASK Job evaluation level	Remuneration level	Reason for deviation
Deputy Manager: Income	1	13	R 331 152	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.

Table 131: Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
There are no people employed on posts not approved	-	-	-	-

Table 132: Employees appointed to posts not approved

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The Statements of Revenue Collection Performance by vote and by source are included at Appendix K

As was stated in the Auditor General report, the Knysna Municipality obtained what is classified as “Clean Audit” for the year under review and the financial performance is as follows:

- 107% of Capital Budget Spent
- 101% of Operating Revenue budget Collected and
- 98% of Operating Expenditure Budget Spent

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
Year -1		Current Year: Year 0				
R thousands	Restated Audited Outcome	Original Budget	Final Adjusted Budget	Actual Outcome	Actual Outcome as % of Final Adjusted Budget	Actual Outcome as % of Original Budget
Financial Performance						
Property rates	125 364	140 834	143 695	139 970	97.4%	99.4%
Service charges	226 549	247 930	247 930	241 302	97.3%	97.3%
Investment revenue	6 667	7 701	7 701	6 589	85.6%	85.6%
Transfers recognised - operational	89 231	70 368	83 345	83 819	100.6%	119.1%
Other own revenue	60 410	21 568	25 424	38 683	152.2%	179.4%
Total Revenue (excluding capital transfers and contributions)	508 221	488 401	508 095	510 364	100.4%	104.5%
Employee costs	139 414	156 091	157 908	151 924	96.2%	97.3%
Remuneration of councillors	5 619	6 078	6 078	5 908	97.2%	97.2%
Debt impairment	24 632	20 220	20 220	20 480	101.3%	101.3%
Depreciation & asset impairment	239 379	21 910	21 910	21 370	97.5%	97.5%
Finance charges	16 686	16 309	16 300	14 876	91.3%	91.2%
Materials and bulk purchases	107 647	133 928	134 279	140 359	104.5%	104.8%
Transfers and grants	5 784	5 461	5 507	5 610	101.9%	102.7%
Other expenditure	152 930	129 603	140 696	133 124	94.6%	102.7%
Total Expenditure	692 091	489 599	502 898	493 651	98.2%	100.8%
Surplus/(Deficit)	(183 870)	(1 198)	5 197	16 713	321.6%	-1395.0%
Transfers recognised - capital	30 679	36 328	39 478	41 023	103.9%	112.9%
Contributions recognised - capital & contributed assets		-	-	-	0.0%	0%
Surplus/(Deficit) after capital transfers & contributions	(153 191)	35 130	44 675	57 736	129.2%	164.3%
Share of surplus/ (deficit) of associate / Discontinued Operations	(510)	-	-	(41)	0%	0%
Surplus/(Deficit) for the year	(153 701)	35 130	44 675	57 695	129.1%	164.2%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	30 679	36 422	39 478	41 023	103.9%	112.6%
Public contributions & donations	777	-	-	695	100.0%	100.0%
Borrowing	13 094	20 375	17 993	7 770	43.2%	38.1%
Internally generated funds	15 546	14 286	12 659	25 645	202.6%	179.5%
Total sources of capital funds	60 096	71 083	70 130	75 134	107.1%	105.7%
Cash flows						
Net cash from (used) operating	68 273	69 810	81 552	80 218	98.4%	114.9%
Net cash from (used) investing	(61 951)	(81 115)	(80 162)	(73 748)	92.0%	90.9%
Net cash from (used) financing	(8 420)	(9 423)	(9 423)	(17 740)	188.3%	188.3%
Cash/cash equivalents at the year end	57 431	25 530	47 470	46 161	97.2%	180.8%
T 5.1.1						

Financial Performance of Operational Services						
						R '000
Variance explanation	Year -1	Year 0			Year 0 Variance	
	Restated Audited Outcome	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	(977)	14 732	11 185	6 761	-117.89%	-65.43%
Waste Water (Sanitation)	(2 122)	1 478	(719)	236	-525.12%	403.98%
Electricity	27 117	49 990	29 623	26 350	-89.72%	-12.42%
Waste Management	(5 209)	4 019	(187)	(3 346)	220.09%	94.41%
Housing	(646)	(1 613)	7 085	6 958	123.18%	-1.82%
Component A: sub-total	18 164	68 606	46 986	36 959	-85.63%	-27.13%
Waste Water (Stormwater Drainage)		-	-	-	0.00%	0.00%
Roads	(23 070)	(20 436)	(22 200)	(22 800)	10.37%	2.63%
Transport		-	-	-	0.00%	0.00%
Component B: sub-total	(23 070)	(20 436)	(22 200)	(22 800)	10.37%	2.63%
Planning	(5 241)	(4 599)	(6 578)	(6 445)	28.65%	-2.07%
Local Economic Development		-	-		0.00%	0.00%
Component B: sub-total	(5 241)	(4 599)	(6 578)	(6 445)	28.65%	-2.07%
Planning (Strategic & Regulatory)		-	-		0.00%	0.00%
Local Economic Development		-	-		0.00%	0.00%
Component C: sub-total	-	-	-	-	0.00%	0.00%
Community & Social Services	(9 844)	(6 931)	(10 145)	(9 879)	29.84%	-2.69%
Environmental Protection	(1 152)	(1 745)	(1 867)	(1 373)	-27.11%	-36.00%
Health	(4 240)	(3 682)	(4 511)	(4 645)	20.73%	2.89%
Security and Safety	(20 739)	(19 921)	(22 504)	(19 549)	-1.90%	-15.11%
Sport and Recreation	(13 289)	(12 479)	(13 740)	(14 669)	14.93%	6.34%
Corporate Policy Offices and Other		-	-	-	0.00%	0.00%
Component D: sub-total	(49 263)	(44 758)	(52 766)	(50 115)	10.69%	-5.29%
Total Expenditure	(59 410)	(1 187)	(34 557)	(42 402)	97.20%	18.50%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
						T 5.1.2

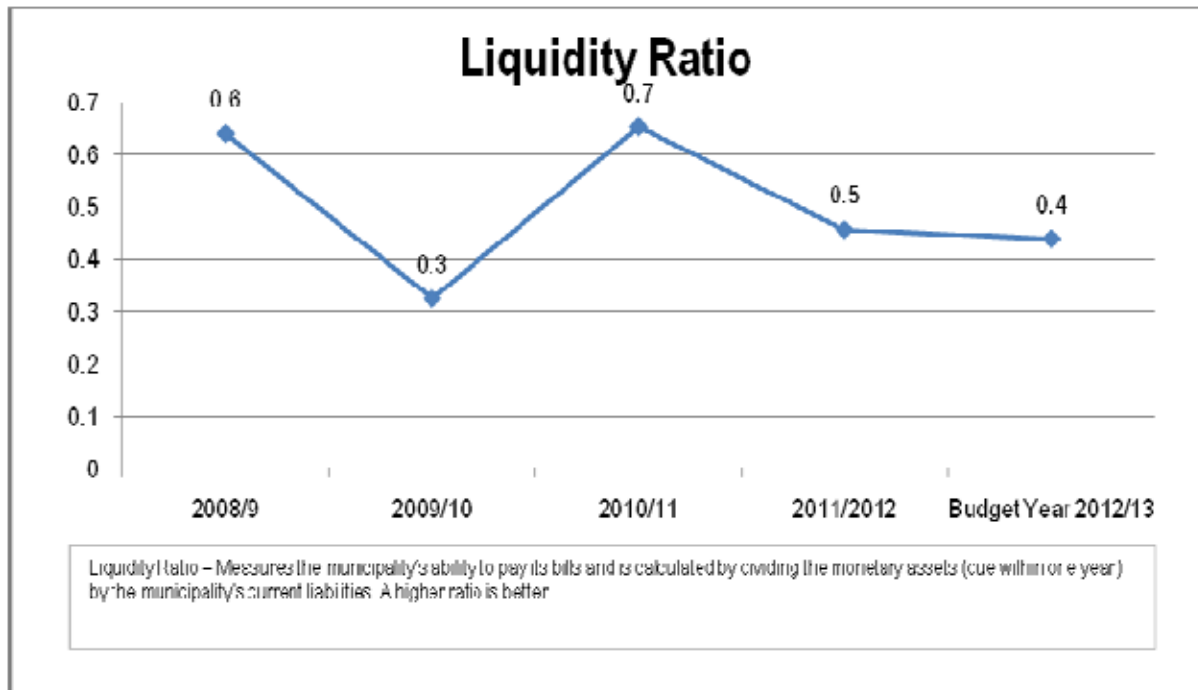
5.2 GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Transfers and Grants						
National Government:	58 665	63 498	63 404	62 948	99%	99%
Equitable share	26 687	30 859	30 859	30 859	100%	100%
Municipal Systems Improvement	722	800	800	800	100%	100%
Department of Water Affairs	–	–	–	–	0%	0%
Levy replacement	–	–	–	–	0%	0%
MIG, FMG, NDPG, INEP, EPWP	31 256	31 839	31 745	31 289	98%	99%
Provincial Government:	60 957	43 292	59 193	61 669	142%	104%
Health subsidy						
Housing	59 953	42 129	57 000	59 972	142%	105%
Ambulance subsidy	–	–	–	–	0%	0%
Sports and Recreation	–	–	–	–	0%	0%
Provincial Government:	1 004	1 163	2 193	1 697	146%	77%
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	288	–	226	225	100%	100%
<i>Denmark, France Football</i>	288	–	226	225	100%	100%
Total Operating Transfers and Grants	119 910	106 790	122 823	124 842		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						
T 5.2.1						

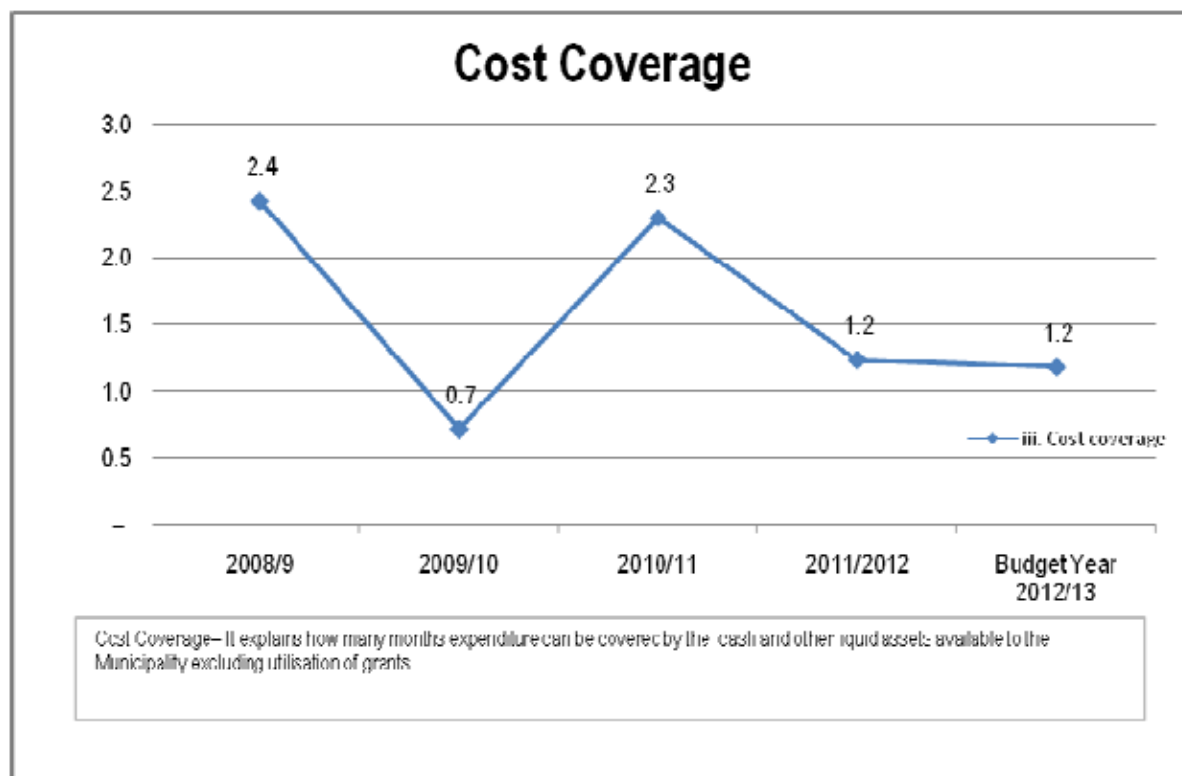
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Knysna Vision 2002 (Work-in-progress 2012-13)			
Description	Construction of infrastructure in informal areas			
Asset Type	Infrastructure			
Key Staff Involved	Engineers department, Consultants, Contractors			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			14 000 000	13 592 643
Capital Implications	Ongoing project			
Future Purpose of Asset	Provision of basic services to informal areas			
Describe Key Issues	Basic services			
Policies in Place to Manage Asset	Asset Management Policy, Supply Chain Management Policy			
Asset 2				
Name	Extend WWTW Knysna			
Description	Expand waste water treatment works in Knysna			
Asset Type	Infrastructure			
Key Staff Involved	Engineers department, Consultants, Contractors			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				8 490 977
Capital Implications	This project was completed during the 2012-13 financial year.			
Future Purpose of Asset	Providing of waste water treatment services to Knysna			
Describe Key Issues	Infrastructure services to Knysna			
Policies in Place to Manage Asset	Asset Management Policy, Supply Chain Management Policy			
Asset 3				
Name	Knysna WWTW Sludge			
Description	Upgrade of the sludge system at the Knysna waste water treatment works			
Asset Type	Infrastructure			
Key Staff Involved	Engineers department			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			450 703	6 767 072
Capital Implications	Project was not completed during the 2012-13 financial year			
Future Purpose of Asset	Providing of waste water treatment services to Knysna			
Describe Key Issues	Infrastructure			
Policies in Place to Manage Asset	Asset Management Policy, Supply Chain Management Policy			
				T 5.3.2

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	31 223	28 812	22 515	28%
				T 5.3.4

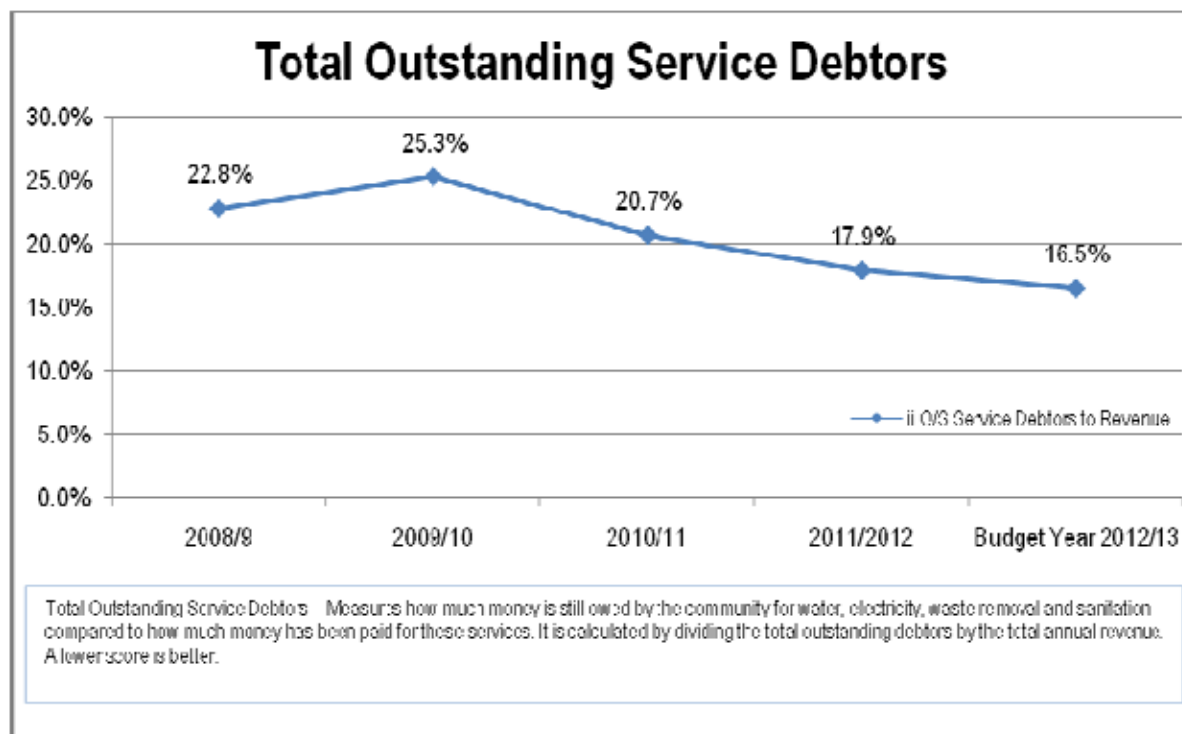
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

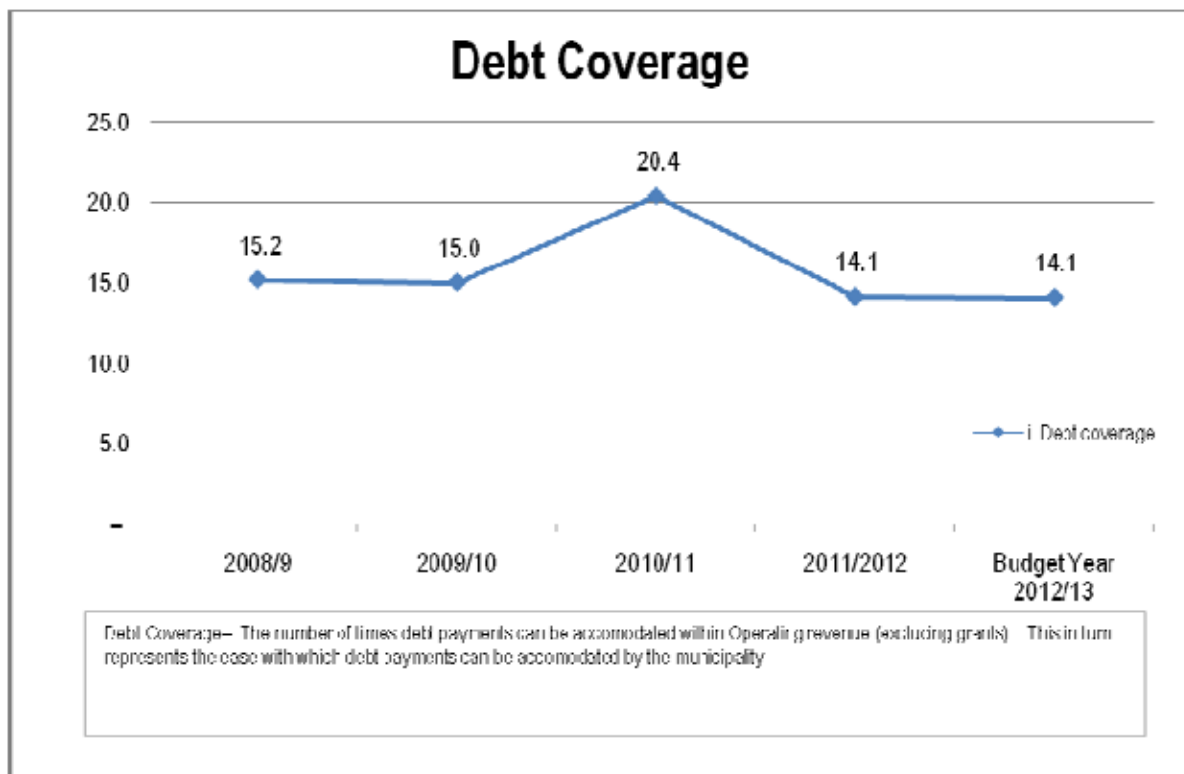


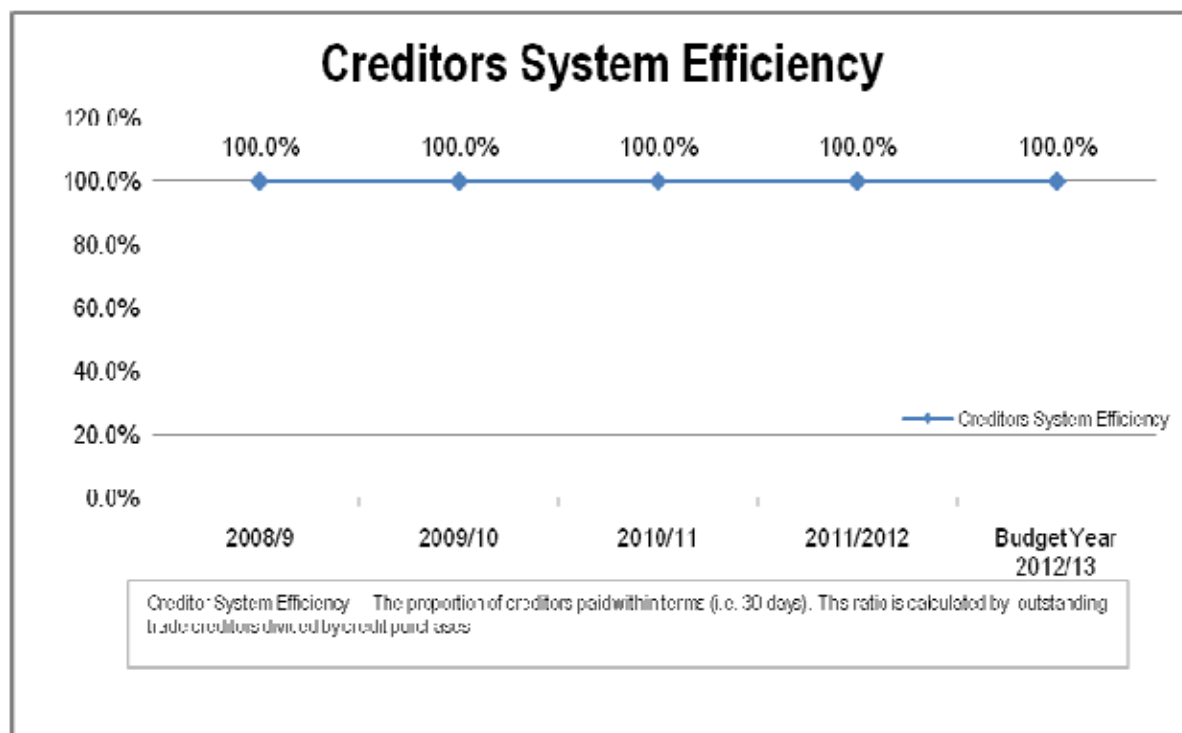
T5.4.1



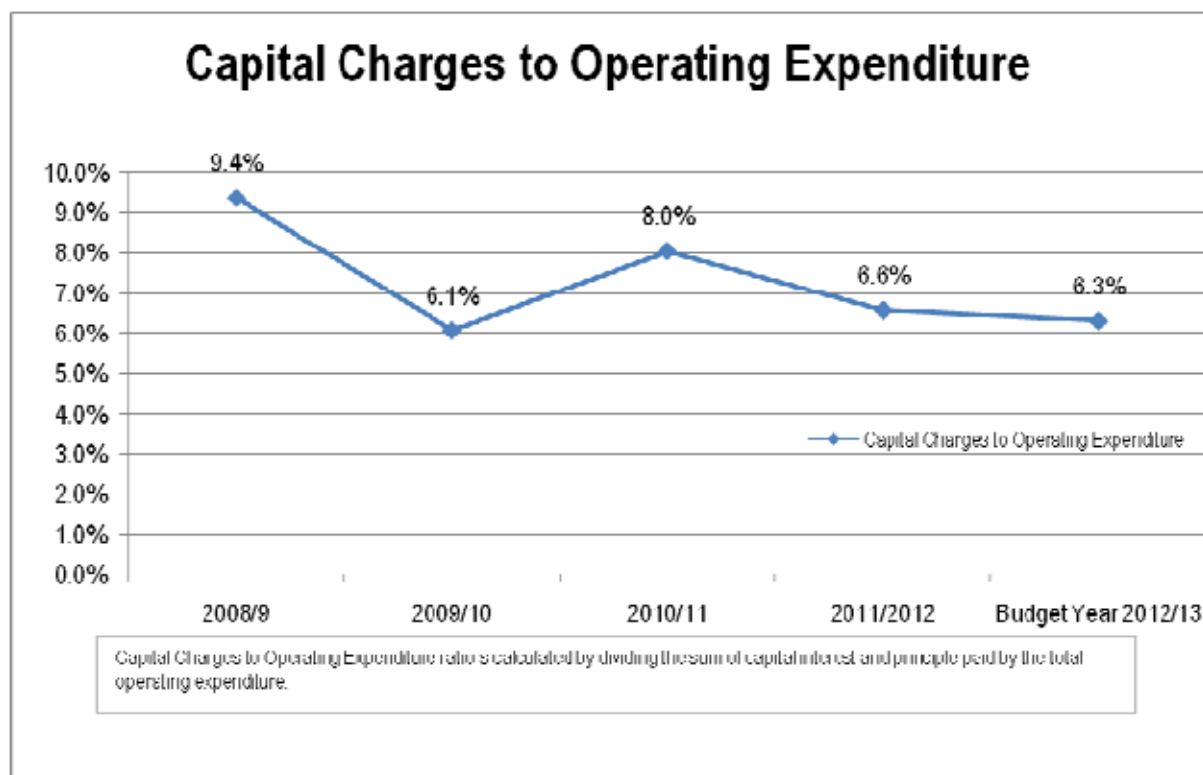
T5.4.2

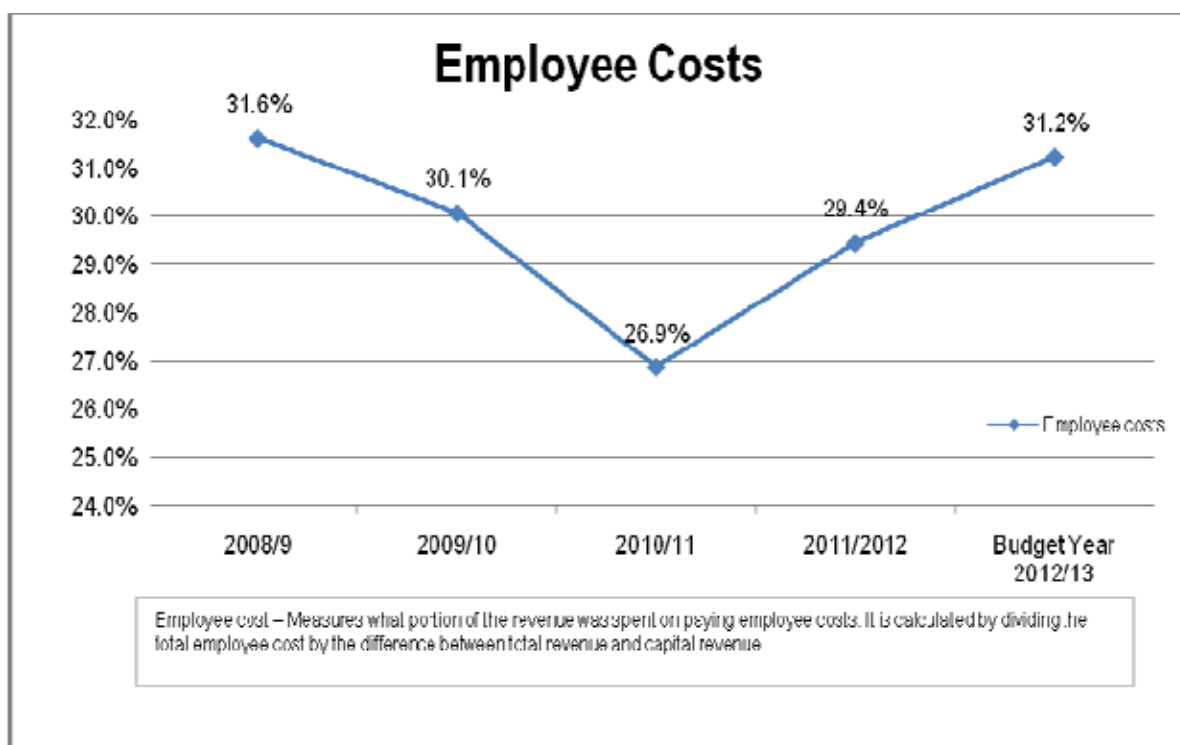


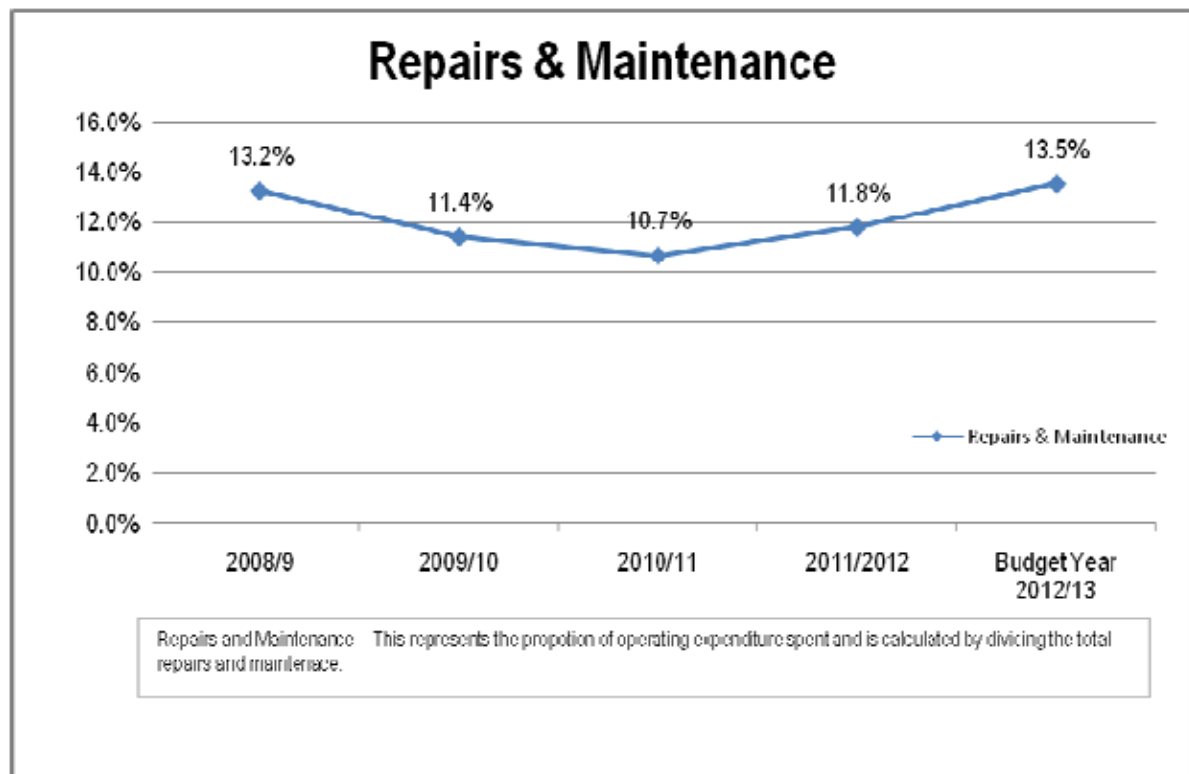




T5.4.5







T5.4.8

COMMENT ON FINANCIAL RATIOS:

The above financial ratios clearly indicate a very sound and stable municipality from a financial perspective.

The position shown in 2010/11 was simply due to the revaluation of asset process that occurred.

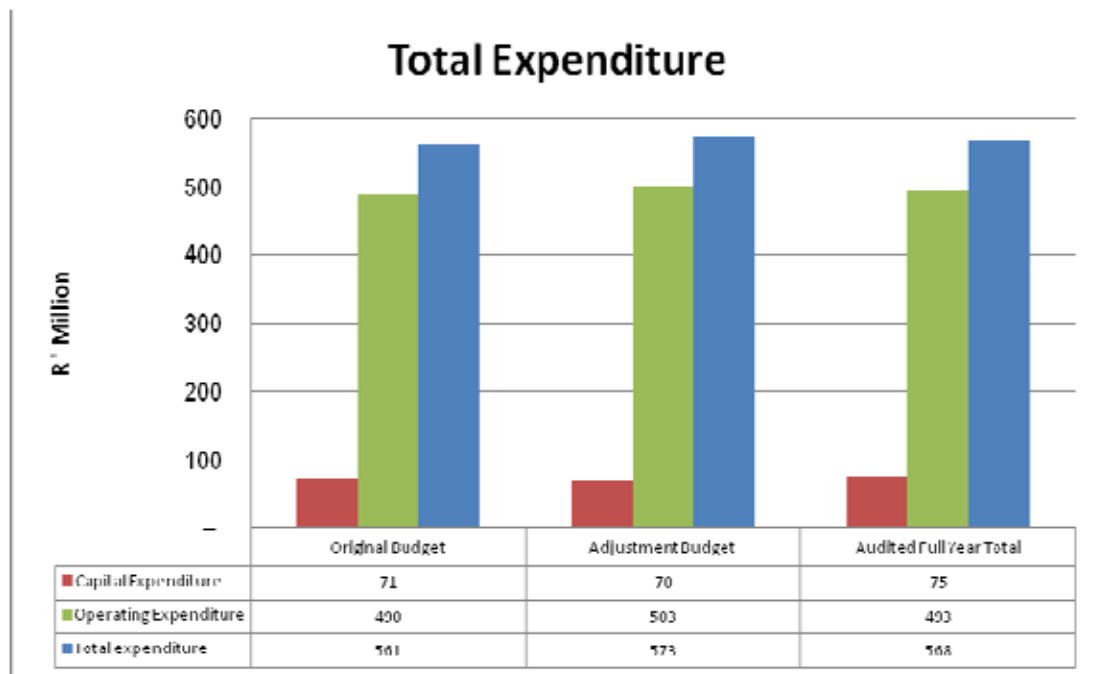
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from Province, National and other Grants; borrowings and operating expenditures and surpluses.

Knysna Municipality has spent 107% of its Capital Budget, the over Spending of Capital budget was mainly due to various Housing projects progressing faster than anticipated.

5.5 CAPITAL EXPENDITURE



T5.5.1

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0						
R' 000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	13 094	20 375	17 993	7 770	-11.69%	-61.86%
Public contributions and donations	777			695	100.00%	100.00%
Grants and subsidies	30 679	36 422	39 478	41 023	8.39%	12.63%
Other	15 546	14 286	12 659	25 645	-11.39%	79.51%
Total	60 096	71 083	70 130	75 134	85.31%	130.28%
Percentage of finance						
External loans	21.8%	28.7%	25.7%	10.3%	-13.7%	-47.5%
Public contributions and donations	1.3%	0.0%	0.0%	0.9%	117.2%	76.8%
Grants and subsidies	51.1%	51.2%	56.3%	54.6%	9.8%	9.7%
Other	25.9%	20.1%	18.1%	34.1%	-13.3%	61.0%
Capital expenditure						
Water and sanitation	18 202	25 128	27 613	47 199	9.89%	87.83%
Electricity	20 155	15 716	14 957	13 861	-4.83%	-11.80%
Housing					100.00%	100.00%
Roads and storm water	12 885	3 821	3 314	3 729	-13.27%	-2.41%
Other	8 853	26 418	24 246	10 345	-8.22%	-60.84%
Total	60 096	71 083	70 130	75 134	83.57%	112.78%
Percentage of expenditure						
Water and sanitation	30.3%	35.4%	39.4%	62.8%	11.8%	77.9%
Electricity	33.5%	22.1%	21.3%	18.4%	-5.8%	-10.5%
Housing	0.0%	0.0%	0.0%	0.0%	119.7%	88.7%
Roads and storm water	21.4%	5.4%	4.7%	5.0%	-15.9%	-2.1%
Other	14.7%	37.2%	34.6%	13.8%	-9.8%	-53.9%
T5.6.1						

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Knysna Vision 2002	10 000 000	12 281 000	13 592 643	-36%	-23%
B - Extend Knysna WWTW	7 352 000	6 450 000	8 490 977	-15%	12%
C - Knysna WWTW/Sludge	6 000 000	6 000 000	6 767 072	-13%	0%
D - Karatara Weir	4 509 000	4 427 000	4 075 752	10%	2%
E - N & NE Bulkwater	2 018 000	2 964 000	3 355 309	-66%	-47%
* Projects with the highest capital expenditure in Year 0					

Name of Project - A	Knysna Vision 2002
Objective of Project	Provision of basic services to informal areas
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - B	Extend Knysna WWTW
Objective of Project	Expand waste water treatment works in Knysna
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - C	Knysna WWTW/Sludge
Objective of Project	Provide waste water treatment services in Knysna
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - D	Karatara Weir
Objective of Project	Providing of water services in the Karatara Community
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - E	N & NE Bulkwater
Objective of Project	Expand bulkwater services in the north and north-east areas of Knysna
Delays	
Future Challenges	
Anticipated citizen benefits	
T 5.7.1	

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	22 574	90.99%	350	11.41%
Sanitation	20 701	83.45%	350	11.41%
Electricity	16 983	68.50%	3010	98.14%
Waste management	22 574	90.99%	112	3.65%
Housing	22 592	91.07%	3067	13.56%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				<i>T 5.8.2</i>

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport	150 000.00	23 524.00	23 524.00	16%	100%	
<i>Roads, Pavements & Bridges</i>	150 000.00	23 524.00	23 524.00	16%	100%	
<i>Storm water</i>				0%	0%	
Infrastructure - Electricity	1 500 000.00	1 722 121.11	1 722 121.11	115%	100%	
<i>Generation</i>				0%	0%	
<i>Transmission & Reticulation</i>				0%	0%	
<i>Street Lighting</i>	1 500 000.00	1 722 121.11	1 722 121.11	115%	100%	
Infrastructure - Water	9 652 515.00	9 145 318.72	9 145 318.72	95%	100%	
<i>Dams & Reservoirs</i>	5 432 031.00	4 842 089.28	4 842 089.28	89%	100%	
<i>Water purification</i>				0%	0%	
<i>Reticulation</i>	4 220 484.00	4 303 229.44	4 303 229.44	102%	100%	
Infrastructure - Sanitation	11 019 162.45	11 937 727.33	11 937 727.33	108%	100%	
<i>Reticulation</i>				0%	0%	
<i>Sewerage purification</i>	11 019 162.45	11 937 727.33	11 937 727.33	108%	100%	
Infrastructure - Other	-	-	-	0%	0%	
<i>Waste Management</i>				0%	0%	
<i>Transportation</i>				0%	0%	
<i>Gas</i>				0%	0%	
Other Specify:	1 858 322.55	1 351 308.84	1 351 308.84	73%	100%	
	628 322.55	607 407.68	607 407.68	97%	100%	
	780 000.00	325 401.16	325 401.16	42%	100%	
	450 000.00	418 500.00	418 500.00	93%	100%	
Total	24 180 000.00	24 180 000.00	24 180 000.00	100%	100%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.8.3

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Variance explanation	Year -1	Current: Year 0		
	Audited Outcome	Pre-audit outcome	Original Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	352 344	385 200	391 917	393 439
Government - operating	88 663	70 053	83 030	90 305
Government - capital	29 353	35 964	39 114	29 258
Interest	6 719	11 735	11 735	6 589
Dividends	–			
Payments				
Suppliers and employees	(386 336)	(411 372)	(422 474)	(418 886)
Finance charges	(16 686)	(16 309)	(16 309)	(14 876)
Transfers and Grants	(5 784)	(5 461)	(5 461)	(5 610)
NET CASH FROM/(USED) OPERATING ACTIVITIES	68 273	69 810	81 552	80 218
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	43	186	186	2 881
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	(276)	58	58	
Decrease (increase) in non-current investments	(1 897)	(10 275)	(10 275)	(2 144)
Payments				
Capital assets	(60 096)	(71 083)	(70 130)	(74 484)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(62 227)	(81 115)	(80 162)	(73 748)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	8 254	4 759	4 759	–
Increase (decrease) in consumer deposits	185	979	979	369
Payments				
Repayment of borrowing	(16 583)	(15 162)	(15 162)	(18 110)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8 144)	(9 423)	(9 423)	(17 740)
NET INCREASE/ (DECREASE) IN CASH HELD	(2 098)	(20 728)	(8 033)	(11 270)
Cash/cash equivalents at the year begin:	59 528	46 257	55 503	57 431
Cash/cash equivalents at the year end:	57 431	25 530	47 470	46 161

Source: MBRR A7

T 5.9.1

COMMENT ON CASH FLOW OUTCOMES:

The municipality closed its books at the end of June with a positive balance of R 46 million.

5.10 BORROWING AND INVESTMENTS

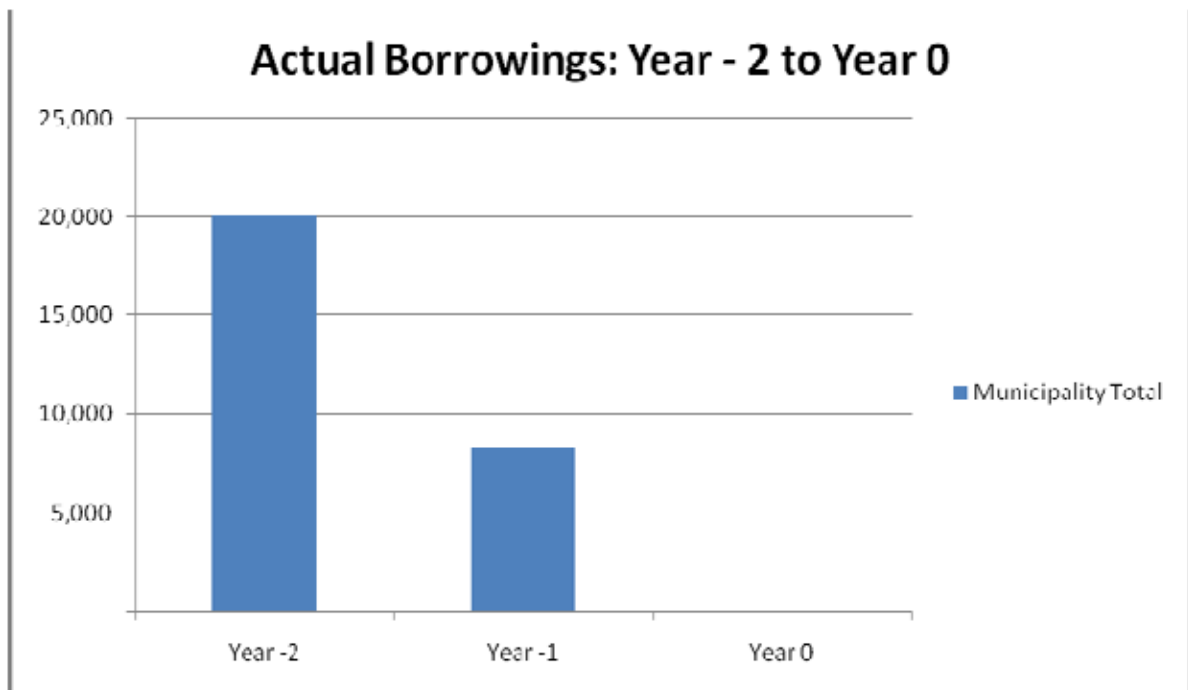
Cash Flow Outcomes				
R'000				
Variance explanation	Year -1	Current: Year 0		
	Audited Outcome	Pre-audit outcome	Original Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	352 344	385 200	391 917	393 439
Government - operating	88 663	70 053	83 030	90 305
Government - capital	29 353	35 964	39 114	29 258
Interest	6 719	11 735	11 735	6 589
Dividends	-			
Payments				
Suppliers and employees	(386 336)	(411 372)	(422 474)	(418 886)
Finance charges	(16 686)	(16 309)	(16 309)	(14 876)
Transfers and Grants	(5 784)	(5 461)	(5 461)	(5 610)
NET CASH FROM/(USED) OPERATING ACTIVITIES	68 273	69 810	81 552	80 218
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	43	186	186	2 881
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	(276)	58	58	
Decrease (increase) in non-current investments	(1 897)	(10 275)	(10 275)	(2 144)
Payments				
Capital assets	(60 096)	(71 083)	(70 130)	(74 484)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(62 227)	(81 115)	(80 162)	(73 748)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	8 254	4 759	4 759	-
Increase (decrease) in consumer deposits	185	979	979	369
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Repayment of borrowing	(16 583)	(15 162)	(15 162)	(18 110)
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NET INCREASE/ (DECREASE) IN CASH HELD	(2 098)	(20 728)	(8 033)	(11 270)
Cash/cash equivalents at the year begin:	59 528	46 257	55 503	57 431
Cash/cash equivalents at the year end:	57 431	25 530	47 470	46 161

Source: MBRR A7

15.9.1

Actual Borrowings: Year -2 to Year 0			
			R' 000
Instrument	Year -2	Year -1	Year 0
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	20 111	8 245	
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases		9	
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	20 111	8 254	0
<u>Municipal Entities</u>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			

Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
<i>T 5.10.2</i>			



Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	46 061	47 222	42 301
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	46 061	47 222	42 301
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	46 061	47 222	42 301
			<i>T 5.10.4</i>

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The Knysna Municipality is not involved in any Public Private Partnership agreements at present.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2011/2012

6.1 AUDITOR GENERAL REPORTS YEAR 2011/2012

Auditor-General Report on Financial Performance 2011/12	
Audit Report Status:	Unqualified with matters of emphasis
Issue raised	Corrective step implemented
Non-Compliance Issues	
Strategic planning of the municipal entity KEDA	Council decided in 2010 to wind KEDA up—legal process still on-going—see CFO report in AFS
Misstatements in the AFS	Continued management review processes. Currently GRAP is likely to ensure misstatements, particularly on land and buildings
Procurement and SCM—awards to people in the service of the state	This will remain until municipalities are given access to national databases
Fruitless, wasteful, irregular and unauthorized expenditure was not properly reported	It was reported in January 2013 as part of the AFS/ Annual Report process. See comments in AFS Notes
<u>Emphasis of matter:</u>	
<u>Significant uncertainties</u>	
Action against Council which is long-standing and being defended in court as normal practice-not an issue of import	Matter is disclosed in AFS as contingent liability
<u>Emphasis of matter:</u>	
<u>Restatement of corresponding figures</u>	
Corrections of errors in regard to GRAP 3	Disclosed in AFS as per normal
<u>Emphasis of matter:</u>	
<u>Unauthorised expenditure</u>	
Issue regarding fair value adjustments as a result of revaluations.	Matter is explained in AFS. The corrective step ultimately requires common sense at the levels of the Accounting Standards Board (ASB) and National Treasury. Neither of these bodies has shown leadership in this matter.
<u>Emphasis of matter:</u>	
<u>Material losses</u>	
This is a standard inclusion from the Auditor-General. The main issues are in regard to water and electricity losses.	Council is reducing these losses annually and is considerably below the national averages in this regard.
<u>Emphasis of matter:</u>	
<u>Impairments</u>	
This is a standard inclusion from the Auditor-General.	All provisions are shown are disclosed in the AFS and a large planned write-off of arrears is imminent
<u>Emphasis of matter:</u>	

Auditor-General Report on Financial Performance 2011/12	
<u>Material under spending of the capital budget</u>	
This issue was noted by the Auditor- General.	Improved expenditure procedures and project management has been put in place by the Municipal Manager and more rigorous reporting is made at Council Committee level.

Table 133: Auditor-General Report on Financial Performance 2011/12

Auditor-General Report on Service Delivery Performance: Year 2011/2012	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
<u>Predetermined objectives</u>	
<u>Usefulness of information</u>	
Measures taken to improve performance not achieved	Measures have been put in place monitor, report and address performance indicators not achieved during the financial year.
Reported prior year actual performance did not agree to the prior year annual performance report.	An additional staff member was appointed and tasked with ensuring accuracy of information.
Performance targets to be specific in clearly identifying the nature and required level of performance	The top level SDBIP was reviewed during the mid-year review budget process to ensure that all performance indicators comply with the SMART principle.
Performance indicators/measures should have clear unambiguous data definitions	
<u>Reliability of information</u>	
Processes and systems which produce the performance indicator should be verifiable.	During the mid-year process portfolio of evidence (PoE) where determined and included as part of the performance indicator

Table 134: Auditor-General Report on Service Delivery Performance: Year 2011/2012

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2012/2013)

6.2 AUDITOR GENERAL REPORT YEAR 2012/2013

See 1.6 for Auditor General Report.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give <i>"full and regular"</i> reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe <i>"what we do"</i> .
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.

General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery and infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	<p>Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to</p> <p>which an output has been achieved (policy developed, presentation delivered, service rendered)</p>
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.

Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance																						
Council Members	Full Time (FT) / Part Time (PT)	Committees Allocated	*Ward and/ or Party Represented	Council Meetings July 2012 – June 2013												Number of Council Meetings Attended	Number of Apologies for non-attendance (AWL)	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance			
				AWL – Absent with Leave																		
				AWOL – Absent without Leave																		
				P – Present																		
				NC – Not a Councillor																		
				2012						2013												
				26 Jul	08 Aug	22 Aug	01 Oct	10 Oct	30 Oct	05 Nov	20 Nov	13 Dec	24 Jan	12 Feb	28 Feb	28 Mar	30 May	14 Jun				
Barrell, Raymond	PT		PR	NC	NC	NC	P	P	P	P	P	P	P	P	P	P	P	12	0	100%	N/A	

Councillors, Committees Allocated and Council Attendance																						
Council Members	Full Time (FT) / Part Time (PT)	Committees Allocated	*Ward and/ or Party Represented	Council Meetings July 2012 – June 2013												Number of Council Meetings Attended	Number of Apologies for non-attendance (AWL)	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance			
				AWL – Absent with Leave																		
				AWOL – Absent without Leave																		
				P – Present																		
NC – Not a Councillor												15										
2012						2013																
26-Jul	08-Aug	22-Aug	01-Oct	10-Oct	30-Oct	05-Nov	20-Nov	13-Dec	24-Jan	12-Feb	28-Feb					28-Mar	30-May	14-Jun				
Dawson, Richard Alfred	FT	Governance and Economic Development Committee	Ward 10	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	0	100%	N/A
De Vries, Stephen	PT		PR	NC	NC	P	P	P	P	P	AWL	P	P	P	P	P	P	P	12	1	92%	100%
Dyantyi, Mthobeli	PT		PR	P	AWL	AWL	P	AWOL	AWL	P	P	P	P	P	P	P	P	P	9	5	60%	83%
Edge, Esmé Dawn	FT	Finance Committee	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	0	100%	N/A
Gombo, TitiMertle Elizabeth	PT		Ward 7	P	P	P	P	P	AWL	P	P	P	P	P	P	P	P	P	14	1	93%	100%

Councillors, Committees Allocated and Council Attendance																				
Council Members	Full Time (FT) / Part Time (PT)	Committees Allocated	*Ward and/ or Party Represented	Council Meetings July 2012 – June 2013												Number of Council Meetings Attended	Number of Apologies for non-attendance (AWL)	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance	
				AWL – Absent with Leave AWOL – Absent without Leave P – Present NC – Not a Councillor																
				2012						2013										
				26-Jul	08-Aug	22-Aug	01-Oct	10-Oct	30-Oct	05-Nov	29-Nov	13-Dec	24-Jan	12-Feb	28-Feb	28-Mar				30-May
Nayler (Wakeford-Brown), Theodoris	PT		PR	P	P	AWL	P	P	P	P	P	P	AWL	P	P	13	2	87%	100%	
Nkam, Phumla Priscilla	PT		PR	P	P	P	P	P	P	P	P	P	P	P	P	15	0	100%	N/A	
Sopeki, Ntombizanele	PT		Ward 8	P	P	P	P	P	P	P	P	P	P	P	P	15	0	100%	N/A	
Tyokolo (Hololoshe), Beauty	PT		PR	P	P	P	P	P	P	P	P	P	P	P	P	15	0	100%	N/A	
Van Aswegen, ElrickOrmonde	PT		PR	P	P	P	P	P	P	P	P	AWL	P	P	P	14	1	93%	100%	

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	Revenue, Expenditure, Budget Office, Supply Chain Management, IT and GIS, Valuations, Insurance, Payroll, IDP, Internal Audit
Governance and Economic Development Committee	Institutional, Corporate, Legal, Human Resources, Records, Contracts Management, Property Management, Administration, Council Committee and Council Support, Public Participation , Customer Care, Communications, Economic Development, Tourism, Arts, Culture, Heritage, Risk Management, PMS (operational aspects)
Community Services Committee	Fire and Rescue, Disaster Management, Traffic and Parking, Parks and Recreation, Libraries, Solid Waste, Social Services, Sport Development, Law Enforcement.
Planning Development and Infrastructure Committee	Town Planning and Building Control, Environmental Management, Integrated Human Settlements, Public Works, Water Services, Sewer, Developmental Planning (ECD, Standards and Specs, Contracts) PMU, Storm water, Roads, Electricity

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager
Municipal Manager	Ms. Lauren Waring
Corporate Services	Mr. Bevan Ellman
Financial Services	Mr. Grant Easton
Planning and Development	Mr. Michael Maughan-Brown
Community Services	Mr. Dawid Adonis
Technical Services	Mr. Michael Rhode
Electrical Services	Mr. Len Richardson

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal Function	Municipal Responsibility
Constitution Schedule 4, Part B functions:	
Air pollution	Community Services
Building regulations	Development and Planning
Electricity reticulation	Electro-Technical Services
Firefighting services	Community Services
Local tourism	Corporate Services
Municipal planning	Development and Planning
Municipal public transport	Technical/Community Services
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Technical Services
Storm water management systems in built-up areas	Technical Services
Trading regulations enforcement	Community Services
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Technical Services
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Community Services
Billboards and the display of advertisements in public places	Planning and Development
Cemeteries, funeral parlors and crematoria	Community Services
Cleansing	Community Services
Control of public nuisances	Community Services
Local amenities	Community and Technical Services
Local sport facilities	Community Services
Municipal parks and recreation	Community Services
Municipal roads	Technical Services
Noise pollution	Community Services
Public places	Community Services

Municipal Function	Municipal Responsibility
Refuse removal, refuse dumps and solid waste disposal	Community Services
Street trading	Planning and Development
Street lighting	Electro-Technical Services
Traffic and parking	Community Services

APPENDIX E – WARD REPORTING

Functionality of Ward Committees							
Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
1	Grootboom	IWJ	WC	Yes	4	12	2
	Jafta	PT	WCM				
	Gawie	R	WCM				
	Cockcroft	TN	WCM				
	De Waal	A	WCM				
	Krwetshe	MD	WCM				
	Thompson	E	WCM				
	Blaauw	BD	WCM				
	Mckay	C	WCM				
2	Hart	LM	WC	Yes	4	12	3
	Phillips	RA	WCM				
	Pickard	A	WCM				
	Hart	BG	WCM				
	Roberts	PJ	WCM				
	Coetzee	MX	WCM				
	Sam	L	WCM				
	Oelf	JV	WCM				
	Meyer	JJ	WCM				
3	Lizwani	M	WC	Yes	4	12	1
	Ndinayo	R	WCM				
	Skosana	MS	WCM				
	Miles	L	WCM				
	Kolanisi	SP	WCM				

Functionality of Ward Committees							
Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
	Blaai	ZG	WCM				
	Litoyi	M	WCM				
	Metelerkamp	N	WCM				
	Blaai	PM	WCM				
	Batyi	K	WCM				
	Yoyo	NB	WCM				
4	Litoli	WN	WC	Yes	4	12	3
	Booi	VJ	WCM				
	Fokanisi	P	WCM				
	Nggezu	SS	WCM				
	Snyman	MJ	WCM				
	Manina	SA	WCM				
	Mningiswa	T	WCM				
5	Williams	M	WC	Yes	4	12	4
	Michels	E	WCM				
	Songayi	XJ	WCM				
	Lourens	CH	WCM				
	Jaftha	MP	WCM				
	Moos	JC	WCM				
	Donson	E	WCM				
	Mc Alpine	GR	WCM				
	Kiewiets	L	WCM				
	Harrison	JA	WCM				
6	Witbooi	CK	WC	Yes	4	12	7
	Tshazibana	VN	WCM				

Functionality of Ward Committees							
Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
	Lamini	FE	WCM				
	Van Rooyen	K	WCM				
	Alkaster	E	WCM				
	Blouw	AC	WCM				
	Teblanche	SP	WCM				
	Vani	AI	WCM				
	Louw	NG	WCM				
7	Gombo	TME	WC	Yes	4	12	6
	Mbombo	L	WCM				
	Campbell	G	WCM				
	George	LC	WCM				
	Wongama	NM	WCM				
	Sindile	KL	WCM				
	Xungu	FR	WCM				
	Gungubele	NV	WCM				
	Ncapayi	N	WCM				
8	Sopeki	N	WC	Yes	4	12	5
	August	EM	WCM				
	Moos	MR	WCM				
	Mnonopi	PP	WCM				
	Yalezo	N	WCM				
	Wildeman	D	WCM				
	Daniels	RE	WCM				
	Matika	TC	WCM				
	Charles	MMJ	WCM				

Functionality of Ward Committees							
Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
	Dyani	MS	WCM				
9	Wasserman	ML	WC	Yes	4	12	9
	Maskew	FJ	WCM				
	Du Toit	K	WCM				
	Charlson	BJ	WCM				
	Alkaster	D	WCM				
	Thorpe	RJ	WCM				
	Stanford	JA	WCM				
	Stuurman	RP	WCM				
	Henwood	CAL	WCM				
	Holmes	TJ	WCM				
	Barnard	H	WCM				
10	Dawson	RA	WC	Yes	4	12	1
	Greyling	MD	WCM				
	Naude	BL	WCM				
	Grinaker	K	WCM				
	Lang	CMF	WCM				
	Hollely	CD	WCM				

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 1 (Full List at Appendix X)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
				T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					
Households without minimum service delivery					
Total Households*					
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T.F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 1

TF.3

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)

Names: xxx (8); xxx (7)...

T F.3

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
1	9 July 2012 (5/2012)	4.1	Extension of Audit Committee Term of Office	Matter to serve at the Council meeting for July 2012	Noted	Completed
2		4.2	Investigation: Councillors in Arrears	Matter has not yet been reported on to Council	Noted	Waiting for feedback from the Speakers Office
3		4.3	Investigation: Late submission of Annual Financial statements	No further report was submitted	Noted	Completed
4		4.4	Internal Audit Report: Period ending 31 May 2012	The report will be considered by Council at its meeting for July 2012	Noted	Completed
5		4.5	Internal Audit Charter	Council will consider the report at its meeting for July 2012	Noted	Completed
6		5.1	Monthly Financial Report: Section 71 of the MFMA	Inputs and discussions led by Finance representative	Noted	Completed
7		6.1	Internal Audit Report: Period Ending 30 June 2012	The Internal Audit report for the period ending 31 May 2012 was discussed	Noted	Completed
8		6.2	External Audit	Internal Auditor would submit a report to the Committee at its next meeting	Noted	Completed
9		7.1	Risk Management Policy	Council adopted a Risk Management Strategy at its meeting held on 22 June 2012	Noted	Completed
10		7.2	Risk Committee	Risk Management Committee will be formed in terms of the Risk Management Strategy adopted by Council	Noted	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
11		7.3	Risk Register	The Risk Register will be finalised in terms of the Risk Management Strategy adopted by Council	Noted	Completed
12		7.4	Combined Assurance	The Internal Auditor undertook to submit a report on the Provincial Treasury requirements for combined assurance to the Committee	Noted	Completed
13		7.5	IT Matters	No report was submitted	Noted	Completed
14		8.1	Performance Information System	No report was submitted (Reports submitted on a quarterly basis)	Noted	Completed
15		9	Audit Committee Charter	The Audit Committee Charter was reviewed as set and is forwarded to Council for approval	Noted	Completed
16		10	Reports by Members of Meetings Attended	Reports of meetings attended were submitted by the chairperson and Mr. Metelerkamp	Noted	Completed
17		11	Operation Clean Audit Report	No report was submitted (Reports submitted on a quarterly basis)	Noted	Completed
18	31 August 2013 (6/2012)	3	Review of Annual Financial Statements: 2011/2012 Financial Year	<p>Various matters were raised and discussed.</p> <p>The Chairperson and Mr. Metelerkamp undertook to prepare the comments of the Committee on the unaudited financial statements and circulate it to the members and submit it to the Auditor-General</p>	That the comments of the Committee on the Council's Annual Financial Statements for the 2011/2012 Financial Year be prepared by the Chairperson and Mr. Metelerkamp and submitted to the Auditor-General and circulated to the other members of the Committee	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
19	23 October 2012 (7/2012)	3	Election of Chairperson	<p>The Municipal Manager asked for nominations for the position of Chairperson of the Audit Committee. Mr. Stoffels nominated Mr. Metelerkamp and was seconded by Ms. Bouw-Spies. Mr. Metelerkamp accepted the nomination.</p> <p>No other nominations were made and the Municipal Manager declared Mr. Metelerkamp duly elected as Chairperson of the Audit Committee</p>	That it be reported to Council for confirmation that Mr. N Metelerkamp had been duly elected as Chairperson of the Audit Committee in terms of Clause 3.2 of the Council's Audit Committee charter	Completed
20		4	Performance Management: Annual Evaluation of Municipal Manager and Directors and SDBIP Review	<p>The Committee noted that the Chairperson will serve on the panel for the annual evaluation of the Municipal Manager and the Directors.</p> <p>The chairperson suggested that Ms. Bouw-Spies be nominated to represent the Audit Committee on the Council's SDBIP Review panel. Ms. Gungubele seconded</p>	That Ms. V Gungubele be nominated to serve on the Council's SDBIP Review Panel representing the Audit Committee	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013														
21		5	Attendance of Committee and Council Meetings by Audit Committee Members	The matter was discussed	<div>That the following members of the Audit Committee be designated to attend meetings of the Section 80 Committees, Mayoral Committee meetings and Council meetings, respectively, and report back on matters of interest to the</div> <table><thead><tr><th>MEETING</th><th>MEMBER</th></tr></thead><tbody><tr><td>Governance & Economic Development Committee</td><td>E Bouw-Spies</td></tr><tr><td>Finance Committee</td><td>J Stoffels</td></tr><tr><td>Planning Development & Infrastructure Committee</td><td>N Metelerkamp</td></tr><tr><td>Community Services Committee</td><td>V Gungubele</td></tr><tr><td>Mayoral Committee</td><td>N Metelerkamp</td></tr><tr><td>Council</td><td>N Metelerkamp and V Gungubele</td></tr></tbody></table> <div>Committee:</div>	MEETING	MEMBER	Governance & Economic Development Committee	E Bouw-Spies	Finance Committee	J Stoffels	Planning Development & Infrastructure Committee	N Metelerkamp	Community Services Committee	V Gungubele	Mayoral Committee	N Metelerkamp	Council	N Metelerkamp and V Gungubele	Completed
MEETING	MEMBER																			
Governance & Economic Development Committee	E Bouw-Spies																			
Finance Committee	J Stoffels																			
Planning Development & Infrastructure Committee	N Metelerkamp																			
Community Services Committee	V Gungubele																			
Mayoral Committee	N Metelerkamp																			
Council	N Metelerkamp and V Gungubele																			
22		6	Audit Committee Programme	The matter was discussed	That the Audit committee Programme attached to the agenda be completed in the light of the resolutions above and be submitted to the Committee at its next meeting	Completed														
23		7.1	Induction: Audit Committee	The Audit Committee noted that the Internal Auditors and the Manager: Performance, Internal Audit and Risk Management have prepared an induction pack for the Audit Committee members.	That a skills Sharing workshop be held by the audit Committee on 6 November 2012 from 09:00 to 13:00 with the induction pack prepared by the Internal Auditors and the Manager: Performance, Internal Audit and Risk Management as basis.	Completed														

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
24		7.2	External Audit: 2011/2012	Meeting with the external auditors (AG)	That the Manager: Performance, Internal Audit and Risk Management arrange for a meeting with the external auditors and that the members be advised of the meeting, and a copy of the ComAF's be made available to the Chairperson in the meantime	Completed
25		7.3	Audit Committee Charter	The Committee noted that the Audit committee Charter considered at the meeting held on 9 July 2012 had for various reasons not been submitted to Council to date	That the Audit Committee Charter be re-submitted to the Audit Committee for review at its next meeting	Completed
26		7.4	Invitation to Attend Meetings of The Audit Committee	The Committee discussed who should be invited to attend Audit Committee meetings as observers	That an open invitation be extended to all Councillors, and Directors not directly involved with the audit Committee to attend meetings of the Audit Committee as observers	Completed
27	5 December 2012 (8/2012)	3	Minutes of the Previous Meetings	Previous Audit Committee Minutes	<p>[a] That the minutes of the meeting held on 9 July 2012 was noted, as the Chairperson was the only member present at the time;</p> <p>[b] That the minutes of the meeting held on 31 August was noted, as the Chairperson was the only member present at the time;</p> <p>[c] That the minutes of the meeting held on 23 October 2012 was adopted, on proposal of Mr. J Stoffels, seconded by Ms. N V Gungubele</p>	Completed
28		4.1	Investigation : Councillors in Arrears	The Director: Financial Services reported that the matter is with the Speaker and that the Speaker is attempting to set up a Code of Conduct Committee to investigate the matter.	That the matter with regard to the investigation of Councillors in arrears be held in abeyance until the next meeting of the Audit Committee	Waiting for feedback from the Speakers Office

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
29		4.2	Investigation : Late Submission of Annual Financial Statements	The Municipal Manager advised the Committee that the matter has been dealt with by Council and accepted.	That it be noted that the matter with regard to the investigation of the late submission of annual financial statements was dealt with by Council and accepted and may be removed from the agenda.	Completed
30		4.3	Audit Committee Programme	The matter was discussed	That Audit Committee Programme, attached as Annexure to the agenda of the Audit Committee meeting held on 5 December 2012, be noted and approved.	Completed
31		4.4	Meeting with the Auditor-General	The Director : Financial Service reported that he will ensure that the Committee receives a copy of the Audit report as well as the Management report	That the Director: Financial Services provide the committee members with copies of the Management and Audit report.	Completed
32		4.5	Review of Audit Committee Charter	The matter was discussed	That the matter with regard to the Review of the Audit Committee Charter be finalised at the next meeting of the Audit Committee.	Completed
33		5.1.1	Monthly Financial Report : Section 71 of the MFMA	Copies of the October 2012 Monthly financial report were circulated at the meeting and discussed at the meeting.	That the monthly financial report in terms of Section 71 of the MFMA for October 2012 be noted.	Completed
34		5.2.1	Internal Audit	Mr. Piet Otto advised the committee that there are no comments or concerns at this stage and that he would only like to draw the committee's attention to the Circular Letter from National Treasury (MFMA Circular No 65) and that Ms. AndrietteBadenhorst would like to compare the Charter with the letter received in November 2012. The matter was discussed	That the Internal Audit Charter be referred to the next meeting of the Audit Committee for discussion	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
35		5.2.2	External Audit	<p>The Report of the Auditor-General to Western Cape Provincial Parliament and the Council on Knysna Municipality as at 30 June 2012 was circulated at the meeting.</p> <p>Ms. Klue-Knipe drew the committee's attention to the unauthorised expenditure.</p> <p>Ms. Klue-Knipe advised the Committee that a Manager at the AG's office is a specialist in the field of the IDP Planning Process and that if the Municipality is interested they are willing to address officials with regard thereto.</p>	Noted	Completed
36		5.2.3	Operation Clean Audit Report	<p>The Manager: Performance, Internal Audit and Risk Management informed the committee that the next OPCAR report will be available early January 2013.</p> <p>The Chairperson advised the committee that the Directors will be available to answer audit queries at the next meeting.</p>	Noted	Completed
37		5.3	Performance Matters	<p>The Manager: Performance, Internal Audit and Risk Management advised the committee that all the performance reports of managers have been signed and that the next level will be dealt with in January 2013.</p>	Noted	Completed
38		5.4.1	Risk Management Policy	<p>It was noted that the Risk Management Policy was discussed and approved by Council.</p> <p>It was agreed that the matter with regard to the risk Management Policy may be removed from the agenda.</p>	Noted	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
39		5.4.2	Risk Committee	It was noted that an introduction meeting was held to introduce members.	Noted	Completed
40		5.4.3	Risk Register	The Committee noted the progress with the Risk Register	Noted	Completed
41		5.5	IT Matters	The Committee noted the report from the Director: Financial Services with regard to the IT System. He advised the committee that there are currently no concerns to be raised and that he is at this stage comfortable with the system.	Noted	Completed
42		5.6	Combined Assurance	The Manager: Performance, Internal Audit and Risk Management reported and it was	That the matter with regard to the Combined Assurance be referred to the next meeting of the Audit Committee for discussion	Completed
43		5.7	Special Investigations	The Municipal Manager reported that there are currently no special investigations pending.	Noted	Completed
44		5.8	Reports by Members of Meetings Attended	The matter was discussed	That the reports by members of meetings attended will be discussed at the next meeting of the Audit Committee	Completed
45		5.9	Letter from ANC Knysna : Appointment of S56 Managers	The matter was discussed and it was agreed that the matter be held in abeyance until the appointments of the S56 managers have been made and that the letter only be noted at this stage.	That the letter from the ANC Knysna with regard to the appointment of S56 Managers, be noted	Completed
46		6.1	Nomination of Members to Serve on the Oversight Committee	It was agreed that two members be nominated to serve on the Oversight Committee until the Municipal Public Accounts Committee has been established. The following two members were nominated : Mr. J Stoffels Mr. N Metelerkamp.	That the following two members of the Audit Committee be co-opted on the Oversight Committee: Mr. J Stoffels Mr. N Metelerkamp	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
47		6.2	National Treasury Circular 65 Dated 23 November 2012	The National Treasury Circular 65 dated 23 November 2012 was discussed	That the National Treasury Circular 65 dated 23 November, be noted	Completed
48		6.3	New Audit Committee Member	The Municipal Manager reported that the item with regard to the appointment of the fifth Audit Committee member will serve at the Council meeting to be held on 13 December 2012.	Noted	Completed
49		6.4	Performance Evaluation Of Audit Committee	This matter was dealt with in conjunction with item 6.4 on the agenda.	Noted	Completed
50		6.5	Appointment of Chief Audit Executive	The Manager: Performance, Internal Audit and Risk Management addressed the committee with regard to the appointment of the Chief Audit Executive.	That the Manager: Performance, Internal Audit and Risk Management be confirmed as the Chief Audit Executive.	Completed
51		6.6	Audit Committee Activity Report	The matter was discussed and it was agreed that the Audit Committee Activity Report, with amendments, be noted and that it be submitted to Council as soon as possible.	That the Audit Committee Activity Report, with amendments, be noted and that the report be submitted to Council as soon as possible.	Completed
52	16 January 2013 (1/2013)	3	Minutes of the Previous Meeting	Minutes of 5 December Audit Committee Meeting	That the minutes of the meeting held on 5 December 2012 was adopted, on proposal of Mr. J Stoffels, seconded by Mr. N Metelerkamp.	Completed
53		4.1	Investigation : Councillors in Arrears	The Director: Financial Services reported that the matter is still with the Speaker and that there are no further developments thus far.	That the matter with regard to the investigation of Councillors in arrears be held in abeyance until the next meeting of the Audit Committee	Waiting for feedback from the Speakers Office
54		4.2	Review of Audit Committee Charter	The matter was discussed	That the matter with regard to the Review of the Audit Committee Charter be finalised at the next meeting of the Audit Committee;	Completed
55		4.2.1	Meeting with the Auditor General's Office	The matter was discussed	That the Manager : Performance, Internal Audit and Risk arrange a meeting with the Auditor General's office with regard to the external auditors and report at the next meeting with regard thereto.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
56		5.1.1	Monthly Financial Report : Section 71 of the MFMA	Copies of the October and November 2012 Monthly financial reports were circulated at the meeting. The Chairperson advised that the committee only deal with the November 2012 monthly report.	That the monthly financial report in terms of Section 71 of the MFMA for November 2012, be noted	Completed
57		5.2.1	Internal Audit	Ms Andriette Badenhorst advised the Committee that there are 3 items that will be reported on at the next meeting.	Noted	Completed
58		5.2.2	External Audit	The Chairperson advised that he is not pleased with the external auditors and that their draft report and account were not discussed with the Audit Committee.	The Chairperson requested that the Manager: Performance, Internal Audit and Risk liaise with the Auditor General's office with regard to discussions with the AG.	Completed
59		5.2.3	Operation Clean Audit Report	The Manager: Performance, Internal Audit and Risk Management circulated the OPCAR report at the meeting. He advised the committee that there are a few queries that are outstanding.	Noted	Completed
60		5.3	Performance Matters	The Report of the Chairperson of the Audit Committee was discussed.	That the report of the Chairperson of the Audit Committee be submitted to Council for consideration	Completed
61		5.4.1	Risk Committee	The Manager: Performance, Internal Audit and Risk advised the committee that a meeting of the Risk Committee has not been held to date.	Noted	Completed
62		5.4.2	Risk Register	<p>The Manager: Performance, Internal Audit and Risk advised the committee that the Risk Register will be updated monthly.</p> <p>Ms. A Badenhorst advised the committee that it would be ideal if one of the members of the Audit Committee be nominated to serve on the Risk Committee</p>	The Committee noted the progress with the Risk Register	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
63		5.5	IT Matters	The matter was discussed and it was	That a report with regard to information technology matters and data management be submitted to the next meeting of the Audit Committee.	Completed
64		5.6	Combined Assurance	Ms. A Badenhorst reported and advised the committee that a model must be adopted once the Risk Committee is fully functional.	Noted	Completed
65		5.7	Reports By Members Of Meetings Attended	The Chairperson reported that he had attended one meeting of Council in December 2012.	That the report from the Chairperson of the Audit Committee with regard to the Special Council meeting attended on 13 December 2012, be noted	Completed
66		6.1	Performance Evaluations	Report of the Audit Committee Chairman on the evaluation of the performance of the Municipal Manager and Section 57 Managers 2011-2012	That the Report of the Audit Committee Chairman on the evaluation of the performance of the Municipal Manager and Section 57 Managers 2011-2012, be noted.	Completed
67		6.2	Report on Annual Report	The Director: Financial Services reported that the Annual report has not been finalised yet. The latest financial statements have been circulated at the meeting.	Noted	Completed
68	5 February 2013 (2/2013)	3	Minutes of the Previous Meeting	Minutes of 16 January 2013 Audit Committee Meeting	That the minutes of the meeting held on 16 January 2013 be adopted, on proposal of Mr. J Stoffels, seconded by Ms. E Bouw-Spies subject to: Item 5.5 the resolution be verified against the recording tapes and the necessary amendments being made and tabled at the next meeting of the Audit Committee.	Completed
69		4.1	Investigation: Councillors in Arrears	There are no further developments thus far.	That the matter with regard to the investigation of Councillors in arrears be held in abeyance until the next meeting of the Audit Committee	

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
70		4.2	Review of Audit Committee Charter	Ms. A Badenhorst reported that the matter be looked into and upon approval be submitted to Council	That Audit Charter be approved for submission to the Council meeting on 28 March 2013.	Completed
71		5.1.1	Monthly Financial Report: Section 72 of the MFMA	Ms L McCartney gave a detailed report on the 1 July 2012 to 31 December 2012 Section 72 report. The report was discussed and it was	That the six monthly financial report in terms of Section 72 of the MFMA for November 2012, be noted	Completed
72		5.2.1	Internal Audit	The Internal Audit Strategy & Operational Plans 2012/2013 reports were circulated at the meeting. Ms. A Badenhorst reported on the following 3 items:	N/A	N/A
73		5.2.1.1	Chief Audit Combined Assurance	The appointment of the Chief Audit Combined Assurance : Framework (refer PT Circular 29 of 2012 attached)	That Mr. W McCartney be appointed as the Combined Assurance Champion	Completed
74		5.2.1.2	Internal Audit Quality Assurance and Improvement Program	Internal Audit Quality Assurance and Improvement Program: The Chairperson requested that Ms. A Badenhorst check if what was reported in this regard is being implemented and submit a report back to the Committee.	That Mr. W McCartney monitor the Internal Audit Quality Assurance and Improvement Program report and report back to the Committee	On-going
75		5.2.1.3	Internal Audit plan (RBAP)	Internal Audit Plan was discussed	That the Internal Audit plan be approved and referred to Council should there be changes made, the matter be brought back to the next meeting of the Audit Committee.	Completed
76		5.2.2	External Audit	The Chairperson advised that he had had queries and was advised that they will be sorted out by 2014 and is now satisfied with the external audit.	That the Audit Committee notes the External Audit report.	Completed
77		5.2.3	Operation Clean Audit Report	The OPCAR was discussed	That the Operation Clean Report, be noted	Completed
78		5.3	Performance Matters	None	Noted	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
79		5.4	Risk Management Matters	Ms Gutas advised that a report on this matter has been drafted.	That the report to be drafted by Mr. McCartney be emailed all the Audit Committee members	Completed
80		5.5	IT Matters	The IT matters were discussed and it was	That a brief report with regard to information technology matters and data management be submitted by the Chief Financial Officer to the next meeting of the Audit Committee.	Completed
81		5.6	Combined Assurance	Ms. A Badenhorst reported and advised the committee that a model must be adopted once the Risk Committee is fully functional.	Noted	Completed
82		5.7	Reports By Members Of Meetings Attended	The Chairperson requested that all members must submit their comments to the Audit Committee secretariat prior the end of the month.	That the report from the Chairperson of the Audit Committee with regard to the Special Council meeting attended on 13 December 2012, be noted.	Completed
83		6.1	Letter from ANC Knysna: Appointment of Section 56 Managers.	<p>The Chairperson advised that he has been discussed the matter with the ANC Chief Whip who requested a response letter.</p> <p>The Municipal Manager reported on the Employment Equity status of the Directors.</p>	That the Chairperson reply to the letter.	Completed
84		6.2	Report on Annual Report	<p>The Chairperson requested that the Committee submit all comments to the Audit Committee secretariat prior the end of the week.</p> <p>The Municipal Manager advised that MPAC will be appointed by Council on the 12 February which allows the Committee a week to respond.</p>	That the report on Annual Report be approved subject to corrections and submitted to the Council meeting to be held in March 2013.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
85		7	General	The Committee discussed who should be invited to attend Audit Committee meetings as observers.	<p>That the Audit Committee invite the Chairperson of the Governance and Economic Development Committee and / Finance Committee to attend all meetings as an observers.</p> <p>That the committee extend a standing invitation to the Auditor General the Audit Committee meetings and be advised of the meetings in due course.</p> <p>That the Audit Committee periodically have a meeting with the Executive Mayor and / the Mayoral Committee.</p>	Completed
86	25 March 2013 (3/2013)	3	Minutes Of The Previous Meeting	On proposal of Mr. J Stoffels, seconded by Ms. Bouw-Spies, it was	<p>That the minutes of the meeting held on 5 February 2013 be adopted, subject to –</p> <p>a) In item 5.4.3: The insertion of the word “to” after the word “emailed”; and</p> <p>b) In item 6.1: The substitution of the words “has been” with the word “had”.</p>	Completed
87		4.1	Investigation: Councillors in Arrears	No further developments thus far were reported.	That the matter with regard to the investigation of Councillors in arrears be held in abeyance until the next meeting of the Audit Committee.	Waiting for feedback from the Speakers Office
88		4.2	Review of Audit Committee Charter and Internal Audit Charter	The Internal Auditor highlighted the amendments to the Audit Committee Charter and Internal Audit Charter considered by Council at a workshop held earlier during the day.	That it be noted that the Audit Committee Charter and Internal Audit Charter had been workshopped by Councillors and would be considered at the Council meeting scheduled for 28 March 2013	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
89		5.1.1	Financial Report: Section 71 and Section 72 of the MFMA	<p>The Committee raised the concern that no official of the Treasury Directorate is available to speak to the report, as well as that the latest report is not available before the meeting.</p> <p>The Municipal Manager spoke to the current financial position.</p>	<p>a) That the verbal report of the Municipal Manager on the financial position of Council be noted;</p> <p>b) That the Chief Financial Officer be requested to circulate Section 71 and 72 reports to Audit Committee members as the reports become available; and</p> <p>c) That the Chief Financial Officer be requested to provide a narrative report with highlights from the Section 71 and 72 reports to the Committee in future.</p>	Completed
90		5.2.1.1	Internal Audit Quarterly Report for the period ending 28 February 2013	The Internal Auditor discussed the contents of her report and it was -	That the contents of the Internal Audit report for the period ending 28 February 2013 be noted.	Completed
91		5.2.1.2	Internal Audit Quality Assurance and Improvement Programme	The Manager: Performance, Internal Audit and Risk Management undertook to submit a report on progress regarding the Internal Audit Quality Assurance and Improvement programme to the next Audit Committee meeting.	Noted	Completed
92		5.2.2	External Audit	The Performance, Internal Audit and Risk Management gave a verbal report on the reply of the External Auditors to not discussing their findings with the Audit Committee.	That the verbal report of the Manager: Performance, Internal Audit and Risk Management on the issues with the External Auditors be noted.	Completed
93		5.2.3	Operation Clean Audit Report	The Manager: Performance, Internal Audit and Risk Management mentioned that a report would be submitted to the next Audit Committee meeting on the progress with the project and a report on the period ending 31 March 2013.	Noted	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
94		5.3	Performance Matters	The Manager: Performance, Internal Audit and Risk Management mentioned that a quarterly report would be submitted to the next Audit Committee meeting	Noted	Completed
95		5.4.1	Risk Management Policy	The Committee noted that the Risk Management Policy had been adopted by Council and that this item can be omitted from future agendas	Noted	Completed
96		5.4.2	Risk Committee	The Manager: Performance, Internal Audit and Risk Management reported that the Committee had been established but the Charter is not fully functional yet. The Committee requested that minutes of the Risk Committee be circulated to members.	That the minutes of the Risk Committee be circulated to members of the Audit Committee	Completed
97		5.4.3	Risk Register	The Committee noted that as the Risk Register had been completed, this item may be omitted from future agendas	Noted	Completed
98		5.5	IT Matters	The Manager: Information Technology reported that the IT policy is being amended to provide for the loss of IT data. She further reported on potential data recovery sites.	That the verbal report of the Manager: IT be noted and a copy of the IT Policy be submitted to the Committee once it is approved by Council.	Completed
99		5.6	Combined Assurance	The Internal Auditor reported that combined assurance will be attended to as soon as the Risk Committee is fully functional.	Noted	Completed
100		5.7	Special Investigations	The Municipal Manager reported on special investigations conducted by the Internal Auditors conducted on her instructions.	Noted	On-going
101		6.1	Evaluation of Audit Committee members and Audit Committee	Item was discussed	That the Internal Auditor report at the next meeting of the Audit Committee on the evaluation of the Audit Committee members and Audit Committee as required in the Audit Committee charter.	In progress

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
102		6.2	Evaluation of Internal Auditors	Item was discussed	That the Internal Auditor be requested to report at the next meeting of the Committee on a basis for the evaluation of the Internal Auditors.	In progress
103		6.3	Service Agreement: Audit Committee members	The Chairperson suggested that Council may enter into a service agreement with every Audit Committee member.	That the Manager: Performance, Internal Audit and Risk Management and internal Auditor prepare a draft agreement to be entered into between the Council and each Audit Committee member to be discussed at the next meeting of the Audit Committee	In progress
104	Tuesday, 4 June 2013 (4/2013)	3.	Minutes Of The Previous Meeting	On proposal of Ms. Bouw-Spies, seconded by Mr. J Stoffels, it was	That the minutes of the meeting held on 25 March 2013 be adopted.	Completed
105		4.1	Investigation: Councillors in Arrears	The Municipal Manager informed the Committee that the Speaker has submitted an item to Council for the establishment of a Disciplinary Committee to deal with matters like these.	That the report of the Municipal Manager that Council is about to establish a Disciplinary Committee, be noted.	Waiting for feedback from the Speakers Office
106		4.2	Review of Audit Committee Charter and Internal Audit Charter	The Municipal Manager reported that the Audit Committee Charter and Internal Audit Charter had been adopted with the amendments mentioned to the Committee at the previous meeting. A copy of each of the amended Charters was circulated to members. The Internal Auditor mentioned that the Audit Committee Charter needed to be updated in respect of the MPAC, and that she will report in that regard at the next meeting of the Committee.	a) That it be noted that the Audit Committee Charter and Internal Audit Charter had been adopted with minor amendments at the Council meeting held on 28 March 2013. b) That the Internal Auditor be requested to submit a report at the next meeting of the Committee regarding the updating of the Audit Committee Charter to provide for the Municipal Public Accounts Committee	Completed
107		5.2.1.1	Internal Audit Quarterly Report for the period ending 30 April 2013	The Internal Auditor discussed the contents of her report and it was -	That the contents of the Internal Audit report for the period ending 30 April 2013 be noted	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
108		5.2.1.2	Internal Audit Quality Assurance and Improvement Programme	Item was discussed	Noted	Completed
109		5.2.2	External Audit	Nothing was reported.	Noted	Completed
110		5.2.3	Operation Clean Audit Report	The OPCAR report for March 2013 was discussed	That the contents of the OPCAR report for March 2013 be noted	Completed
111		5.3.1	Performance Evaluation: Audit Committee and Individual Audit Committee Members	The Committee noted that meetings have been arranged by SALGA and Provincial Treasury, respectively, at which more clarity will be given regarding performance evaluation of Audit Committees.	That the matter regarding the performance evaluation of the Audit Committee be held over until more clarity on the requirements of Provincial Treasury is known.	September 2013
112		5.3.2	Performance Evaluation: Internal Auditor	The Committee discussed the criteria set out in the evaluation template attached to the agenda.	a) That the criteria contained in the evaluation template attached to the agenda be adopted; and b) That the Municipal Manager, Director: Finance and members of the Audit Committee be requested to complete the evaluation template mentioned in (a) above and submit it to the Secretary to be discussed at the next meeting of the Audit Committee.	September 2013
113		5.4.1	Risk Committee Minutes	The Committee noted the contents of the minutes of the Risk Committee meeting held on 21 November 2012. The Committee was of the opinion that a member of the Audit Committee should serve on the Risk Committee.	a) That the contents of the minutes of the Risk Committee meeting held on 21 November 2012 be noted; and b) That Mr. J Stoffels be nominated to represent the Audit Committee on the Risk Committee.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2013
114		5.5	IT Matters	The Committee noted that the IT Policy and 3G Policy will be workshopped by Councillors in the near future and that the Recovery Plan and Governance Framework relating to IT will be submitted to Council at its next meeting.	That the contents of the verbal report of the Director: Finance be noted	Completed
115		5.6	Combined Assurance	Nothing was reported.	Noted	Completed
116		5.7	Special Investigations	The Municipal Manager reported that the investigation is still being conducted and not finalised yet	Noted	On-going
117		5.8	Reports by Members of Meetings Attended	The Chairperson reported on meetings he attended.	Noted	Completed
118		6.1	Activity Report: July to December 2012	After discussion it was	That the Activity Report of the Audit Committee for the period 1 July 2012 to 31 December 2012, attached to the agenda, be approved	Completed

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

[illegible]

[illegible]

APPENDIX H(i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2011/2012	Current: 2012/2013			2012/2013 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive and Council	37 772	5 986	6 007	9 293	55 %	55 %
Corporate	2 668	3 147	3 171	3 614	15 %	14 %
Finance	138 068	154 418	157 629	153 062	(1)%	(3)%
Planning	69 202	44 221	59 342	62 002	40 %	4 %
Community	35 538	33 806	36 801	43 585	29 %	18 %
Electricity	172 687	191 287	192 787	188 138	(2)%	(2)%
Technical	82 966	91 864	91 836	90 848	(1)%	(1)%
Total Revenue by Vote	538 900	524 729	547 573	550 542	5 %	1 %

APPENDIX H(ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2011/2012	2012/2013			2012/203 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	148 241	163 300	175 088	167 298	2%	(4)%
Property rates - penalties and collection charges	2 356	2 557	2 557	2 487	(3)%	(3)%
Income Foregone (Rebates) Rates	(22 877)	(22 466)	(31 393)	(27 327)	22%	(13)%
Service Charges - electricity revenue	163 678	181 132	181 132	175 822	(3)%	(3)%
Income Foregone (Rebates) Electricity	(2 805)	(2 340)	(2 340)	(3 063)	31%	31%
Service Charges - water revenue	47 194	50 491	50 491	49 373	(2)%	(2)%
Income Foregone (Rebates) Water	(6 367)	(7 094)	(7 094)	(5 878)	(17)%	(17)%
Service Charges - sanitation revenue	10 413	10 931	10 931	1 1203	2%	2%
Income Foregone (Rebates) Waste Water Management	(871)	(934)	(934)	(1 105)	18%	18%
Service Charges - refuse revenue	14 098	14 590	14 590	14 595	0%	0%
Income Foregone (Rebates) Waste Management	(967)	(1 000)	(1 000)	(1 282)	28%	28%
Service Charges – other	2 175	2 153	2 153	1 637	(24)%	(24)%
Rentals of facilities and equipment	3 500	4 598	4 598	3 545	(23)%	(23)%
Interest earned - external investments	6 667	7 701	7 701	6 589	(14)%	(14)%
Interest earned - outstanding debtors	4 551	4 034	4 034	3 237	(20)%	(20)%
Dividends received	–	–	–	–	–	–
Fines	7 677	3 506	7 091	13 964	298%	97%
Licences and permits	3 617	3 490	3 490	3 483	(0)%	(0)%
Agency services	175	161	161	198	23%	23%
Transfers recognised - operational	86 673	65 486	77 992	76 235	16%	(2)%
Augmentations and Contributions	808	866	866	996	15%	15%
Other revenue	4 253	2 148	2 419	6 843	219%	183%

Gains on disposal of PPE	160	209	209	2 388	1042%	1042%
Environmental Protection	–	–	–	–	–	–
Reversal Of Provision	32 535	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	472 351	483 519	502 742	501 239	4%	(0)%
Transfers recognised - capital	33 237	41 210	44 831	48 608	18%	8%
Government Transfers - Contributed Assets	777	–	–	695	–	–
Total Revenue	538 900	524 729	547 573	550 542	5%	1%

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators (b) Service Targets (ii)	Year 0		Year 1			Year 2	Year 4	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round; *'Current Year' refers to the targets set in the Year 1 Budget/IDP round. *'Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.</i>									

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests			
Period 1 July to 30 June of Year 2012/2013			
Position	Name	Description of Financial interests* (Nil / Or details)	Value in Year
(Executive) Mayor	Wolmarans, Georlene	Nil	
Member of Mayoral Committee	Dawson, Richard Alfred	Nil	
	Edge, Esmé Dawn	Nil	
	Hart, Louisa Maria	Nil	
	Williams, Magdalena	Nil	
Speaker	Wasserman, Michelle Louise	Nil	
Councillor	Barrell, Raymond	Nil	
	De Vries, Stephen	Chief Executive Officer of the African Community Development Centre, which received a grant-in-aid from the municipality	10 000
	Dyantyi, Mthobeli	Nil	
	Gombo, TitiMertle Elizabeth	Nil	
	Grootboom, Irene W J	Nil	
	Litoli, Wiseman Nkosinathi	Mother party to Sizamelekhaya Construction:	23 787
	Lizwani, Migiel	Nil	
	Nayler (Wakeford-Brown), Theodoris	Nil	
	Nkam, Phumla Priscilla	Nil	
	Sopeki, Ntombizanele	Nil	
	Tyokolo (Hololoshe), Beauty	Nil	
	Van Aswegen, ElrickOrmonde	Nil	

	Witbooi, Clive Kenneth	Nil	
Municipal Manager	Waring, Lauren	Nil	
Chief Financial Officer	Easton, Grant	Nil	
Deputy MM and (Executive) Directors	Adonis, Dawid	Nil	
	Ellman, Bevan	Nil	
	Maughan-Brown, Michael	Brother-in-law party to Geelhoutvlei timbers	198 729
	Rhode Michael	Nil	

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2011/2012	Current: 2012/2013			2012/2013 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive and Council	37 772	5 986	6 007	9 293	55 %	55 %
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Finance	138 068	154 418	157 629	153 062	(1)%	(3)%
Planning	69 202	44 221	59 342	62 002	40 %	4 %
Community	35 538	33 806	36 801	43 585	29 %	18 %
Electricity	172 687	191 287	192 787	188 138	(2)%	(2)%
Technical	82 966	91 864	91 836	90 848	(1)%	(1)%
Total Revenue by Vote	538 900	524 729	547 573	550 542	5 %	1 %

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2011/2012	2012/2013			2012/2013 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	148 241	163 300	175 088	167 298	2%	(4)%
Property rates - penalties and collection charges	2 356	2 557	2 557	2 487	(3)%	(3)%
Income Foregone (Rebates) Rates	(22 877)	(22 466)	(31 393)	(27 327)	22%	(13)%
Service Charges - electricity revenue	163 678	181 132	181 132	175 822	(3)%	(3)%
Income Foregone (Rebates) Electricity	(2 805)	(2 340)	(2 340)	(3 063)	31%	31%
Service Charges - water revenue	47 194	50 491	50 491	49 373	(2)%	(2)%
Income Foregone (Rebates) Water	(6 367)	(7 094)	(7 094)	(5 878)	(17)%	(17)%
Service Charges - sanitation revenue	10 413	10 931	10 931	1 1203	2%	2%
Income Foregone (Rebates) Waste Water Management	(871)	(934)	(934)	(1 105)	18%	18%
Service Charges - refuse revenue	14 098	14 590	14 590	14 595	0%	0%
Income Foregone (Rebates) Waste Management	(967)	(1 000)	(1 000)	(1 282)	28%	28%
Service Charges – other	2 175	2 153	2 153	1 637	(24)%	(24)%
Rentals of facilities and equipment	3 500	4 598	4 598	3 545	(23)%	(23)%
Interest earned - external investments	6 667	7 701	7 701	6 589	(14)%	(14)%
Interest earned - outstanding debtors	4 551	4 034	4 034	3 237	(20)%	(20)%
Dividends received	–	–	–	–	–	–
Fines	7 677	3 506	7 091	13 964	298%	97%
Licences and permits	3 617	3 490	3 490	3 483	(0)%	(0)%
Agency services	175	161	161	198	23%	23%
Transfers recognised - operational	86 673	65 486	77 992	76 235	16%	(2)%

Augmentations and Contributions	808	866	866	996	15%	15%
Other revenue	4 253	2 148	2 419	6 843	219%	183%
Gains on disposal of PPE	160	209	209	2 388	1042%	1042%
Environmental Protection	–	–	–	–	–	–
Reversal Of Provision	32 535	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	472 351	483 519	502 742	501 239	4%	(0)%
Transfers recognised - capital	33 237	41 210	44 831	48 608	18%	8%
Government Transfers - Contributed Assets	777	–	–	695	–	–
Total Revenue	538 900	524 729	547 573	550 542	5%	1%

Revenue Collection Performance by Source						
R '000						
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	26,485	23,572	28,075	23,042	-2.30%	-21.84%
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2.02%	-7.07%
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22.43%	5.61%
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9.41%	-12.94%
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13.40%	6.19%
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7.41%	-23.46%
Service Charges - other	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Interest earned - external investments	5,322	4,470	5,747	4,630	3.45%	-24.14%
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	11.50%	9.73%
Dividends received	1,254	1,003	1,191	1,354	25.93%	12.04%
Fines	2,516	2,063	2,264	2,340	11.83%	3.23%
Licences and permits	6,846	6,230	7,256	6,640	6.19%	-9.28%
Agency services	12,546	10,413	11,793	11,542	9.78%	-2.17%
Transfers recognised - operational	2,355	2,190	2,425	2,402	8.82%	-0.98%
Other revenue	48,542	40,776	48,542	46,115	11.58%	-5.26%
Gains on disposal of PPE	4,565	3,698	4,337	4,291	13.83%	-1.06%
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

Capital Programme by Project: Year 2012/2013

R' 000

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
				Over / (Under) Spent	
Water					
Karatara River Weir	4 859	4 777	5 639	16%	18%
N and NE Bulk Water Phase III	2 018	2 964	4 673	132%	58%
Asset replacements and refurbishments	-	100	555	-	455%
Rheenendal New Water Augmentation	1 754	650	529	(70%)	(19%)
Total of sundry projects	1 604	1 878	982	(39%)	(48%)
Sanitation/Sewerage					
Extension to Knysna Waste Water Treatment Works	13 773	16 866	20 180	47%	20%
Sedgefield Waste Water Treatment Works	-	-	349	-	-
Asset replacements and refurbishments	-	-	250	-	-
Grey Street Sewer main Protect	-	-	123	-	-
Total of sundry projects	1 120	378	203	(82%)	(46%)
Electricity					
Asset replacements and refurbishments	7 151	4 955	4 570	(36%)	(8%)
Knysna Xolweni Substation	2 632	2 632	2 953	12%	12%
10MVA Incomer Transformer Sedgefield - Additional	1 895	1 760	1 877	(1%)	7%
NandNE Street Lights	-	1 316	1 509	-	15%
Total of sundry projects	4 038	4 294	2 496	(38%)	(42%)
Refuse removal					
Vehicle Replacement Compactor truck	1 500	1 669	1 689	13%	1%
Housing					
Knysna Vision 2002 Infrastructure	10 000	12 981	14 293	43%	10%

Capital Programme by Project: Year 2012/2013					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Electrification Infill Erven	2 192	2 192	1 802	(18%)	(18%)
Housing Support Centre and Fire Station	-	131	115	-	(12%)
Road Services					
Rehabilitate Seawalls	1 000	1 026	781	(22%)	(24%)
Sedgefield Taxi Rank	558	558	528	(5%)	(5%)
Hornlee Intersections	-	490	473	-	(4%)
Sedgefield dune rehabilitation	-	344	344	-	-
Total of sundry projects	2 263	896	536	(76%)	(40%)
Planning					
Leased Office Machines	-	-	86	-	-
Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Karatarra Community Centre (donated asset)	-	-	695	-	-
Extension to Town Library	1 638	684	337	(79%)	(51%)
Multi-purpose centre Smutsville	265	396	395	49%	(0%)
Bio-Diversity; Landscape and Other					
Refurbish Parks Restroom	-	1 085	793	-	(27%)
Equipment Play park Sedgefield	-	152	151	-	(1%)
Sport and Recreation					
Flensters Sport Field	120	640	583	386%	(9%)
Upgrade Damsebos sport field	-	226	169	-	(25%)
Concordia Sports field	120	-	14	(89%)	-
Executive and Council					
Ward Projects	2 447	1 740	1 706	(30%)	(2%)
Refurbish/upgrade municipal buildings	1 000	465	264	(74%)	(43%)

Capital Programme by Project: Year 2012/2013					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Program Office Furniture	55	62	65	19%	5%
Financial Services					
Program Office Furniture	65	52	56	(14%)	7%
Upgrade first floor Finance	1 000	450	26	(97%)	(94%)
Leased Office Machines	-	-	11	-	-
Replace leaking roofs Finance building	450	-	-	(100%)	-
ICT Services					
Program Computer Equipment	550	526	544	(1%)	3%
Windows licences	-	-	492	-	-
Website Redevelopment(Intangible Asset)	-	30	30	-	-
ICT					
Program Tools and Equipment	260	382	597	130%	56%
Program Small Plant	190	194	401	111%	107%
Program Office Furniture	124	189	270	118%	43%
Refurbishment/upgrade municipal buildings	4 442	-	-	(100%)	-
	71 083	70 130	75 133	6%	7%

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1						
Example 2 - Vote 2						
Example 3 - Vote 3						
Example 4 - Vote 4						
Example 5 - Vote 5						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	-	-	-	-	-	-
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	26,485	23,572	28,075	23,042	-2.30%	-21.84%
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2.02%	-7.07%
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22.43%	5.61%
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9.41%	-12.94%
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13.40%	6.19%
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7.41%	-23.46%
Service Charges - other	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Interest earned - external investments	5,322	4,470	5,747	4,630	3.45%	-24.14%
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	11.50%	9.73%
Dividends received	1,254	1,003	1,191	1,354	25.93%	12.04%
Fines	2,516	2,063	2,264	2,340	11.83%	3.23%
Licences and permits	6,846	6,230	7,256	6,640	6.19%	-9.28%
Agency services	12,546	10,413	11,793	11,542	9.78%	-2.17%
Transfers recognised - operational	2,355	2,190	2,425	2,402	8.82%	-0.98%
Other revenue	48,542	40,776	48,542	46,115	11.58%	-5.26%
Gains on disposal of PPE	4,565	3,698	4,337	4,291	13.83%	-1.06%
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjust-ments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Neighbourhood Development Partnership Grant				%	%	
				%	%	
				%	%	
Public Transport Infrastructure and Systems Grant				%	%	
				%	%	
				%	%	
				%	%	
<i>Other Specify:</i>				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is complete – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

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APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community - Total	-	-		-	-	-	-
<i>Parks & gardens</i>							
<i>Sportsfields & stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							
<i>Libraries</i>							
<i>Recreational facilities</i>							
<i>Fire, safety & emergency</i>							
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums & Art Galleries</i>							
<i>Cemeteries</i>							
<i>Social rental housing</i>							
<i>Other</i>							
<i>Table continued next page</i>							

Table continued from previous page

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new asset	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							

<i>Table continued from previous page</i>							
Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T.M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2012/2013

Capital Programme by Project: Year 2012/2013					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
				Over / (Under) Spent	
Water					
Karatarra River Weir	4 859	4 777	5 639	16%	18%
N and NE Bulk Water Phase III	2 018	2 964	4 673	132%	58%
Asset replacements and refurbishments	-	100	555	-	455%
Rheenendal New Water Augmentation	1 754	650	529	(70%)	(19%)
Total of sundry projects	1 604	1 878	982	(39%)	(48%)
Sanitation/Sewerage					
Extension to Knysna Waste Water Treatment Works	13 773	16 866	20 180	47%	20%
Sedgefield Waste Water Treatment Works	-	-	349	-	-
Asset replacements and refurbishments	-	-	250	-	-
Grey Street Sewer main Protect	-	-	123	-	-
Total of sundry projects	1 120	378	203	(82%)	(46%)
Electricity					
Asset replacements and refurbishments	7 151	4 955	4 570	(36%)	(8%)
Knysna Xolweni Substation	2 632	2 632	2 953	12%	12%
10MVA Incomer Transformer Sedgefield - Additional	1 895	1 760	1 877	(1%)	7%
NandNE Street Lights	-	1 316	1 509	-	15%
Total of sundry projects	4 038	4 294	2 496	(38%)	(42%)
Refuse removal					

Capital Programme by Project: Year 2012/2013					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Vehicle Replacement Compactor truck	1 500	1 669	1 689	13%	1%
Housing					
Knysna Vision 2002 Infrastructure	10 000	12 981	14 293	43%	10%
Electrification Infill Erven	2 192	2 192	1 802	(18%)	(18%)
Housing Support Centre and Fire Station	-	131	115	-	(12%)
Road Services					
Rehabilitate Seawalls	1 000	1 026	781	(22%)	(24%)
Sedgefield Taxi Rank	558	558	528	(5%)	(5%)
Hornlee Intersections	-	490	473	-	(4%)
Sedgefield dune rehabilitation	-	344	344	-	-
Total of sundry projects	2 263	896	536	(76%)	(40%)
Planning					
Leased Office Machines	-	-	86	-	-
Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Karatara Community Centre (donated asset)	-	-	695	-	-
Extension to Town Library	1 638	684	337	(79%)	(51%)
Multi-purpose centre Smutsville	265	396	395	49%	(0%)
Bio-Diversity; Landscape and Other					
Refurbish Parks Restroom	-	1 085	793	-	(27%)
Equipment Play park Sedgefield	-	152	151	-	(1%)
Sport and Recreation					
Flenters Sport Field	120	640	583	386%	(9%)
Upgrade Damsebos sport field	-	226	169	-	(25%)
Concordia Sports field	120	-	14	(89%)	-

Capital Programme by Project: Year 2012/2013					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Executive and Council					
Ward Projects	2 447	1 740	1 706	(30%)	(2%)
Refurbish/upgrade municipal buildings	1 000	465	264	(74%)	(43%)
Program Office Furniture	55	62	65	19%	5%
Financial Services					
Program Office Furniture	65	52	56	(14%)	7%
Upgrade first floor Finance	1 000	450	26	(97%)	(94%)
Leased Office Machines	-	-	11	-	-
Replace leaking roofs Finance building	450	-	-	(100%)	-
ICT Services					
Program Computer Equipment	550	526	544	(1%)	3%
Windows licences	-	-	492	-	-
Website Redevelopment(Intangible Asset)	-	30	30	-	-
ICT					
Program Tools and Equipment	260	382	597	130%	56%
Program Small Plant	190	194	401	111%	107%
Program Office Furniture	124	189	270	118%	43%
Refurbishment/upgrade municipal buildings	4 442	-	-	(100%)	-
	71 083	70 130	75 133	6%	7%

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1

Capital Programme by Project by Ward: Year 1		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Housing		
Refuse removal		
Stormwater		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		
ICT and Other		
T O		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				T P

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Licencing	<p>No backlog / Up to date.</p> <p>Community gives positive feedback regarding Drivers Licences.</p> <p>Motor Vehicle Registration</p> <p>No backlog, do everything immediately.</p> <p>Turn around time 48 hrs., when documents need to be forwarded to Department of Transport</p>	
<p>Sport Fields:</p> <p>Sizamile, Smutsville, Sedgefield</p> <p>Die Eiland, Sedgefield</p> <p>Karatara</p> <p>Rheenendal</p> <p>Khayaletu</p> <p>Bongani</p> <p>Fletters</p> <p>Greenfields</p> <p>Loeriepark</p> <p>Hornlee</p>	<p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p> <p>No backlog</p>	

Hornlee East	No backlog	
Dam se Bos	No backlog	
Thembalitsha	No backlog	
Joodse kamp Sports Ground	No backlog	
Concordia	No backlog	
Heidevallei	No backlog	
Schools (Primary & High)	Scale of backlogs	Impact of backlogs
All schools in disadvantaged communities (WCED)	Tremendous	This results in that all the schools in the disadvantaged communities uses municipal facilities, at times more than one school uses a facility per day.

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0		
All Organisation or Person in receipt of Grants provided by the municipality	Nature of project	Value of Grant Year 20
GIA (Grant in Aid)		
Knysna Tourism	Promoting Tourism	4,300,000
Animal Welfare: Knysna Animal welfare	Controlling the animal population and preventing the spreading of diseases	
Bursaries		7,915
Mayoral Bursary Fund		150,095
Leisure Isle Residents Association: Annual Contributions	Maintain and Manage local Nature Reserve	31,500
Sundry Grant in Aids and Donations:		842,193
AFM	Spiritual Art, Culture and outreach education	
African Community Development	Human Rights Programmes	
African Roots	Develop Football	
All Blacks Rugby Club	Develop Ruby	
Apostolic Faith Mission Of SA	Minister to the need of the total person	
Atlantic Spurs Netball Club	Develop Netball	
Badisa Family Care Services	Serve People in Need	
Bio Wise	Educate awareness of biomimicry and eco-systems	
Cansa	Cancer Awareness	
SWD School Sport	SWD Cricket in CPT	
Child Welfare SA Knysna	Child Protection Services	
Concordia High	SWD in Paarl	
Crossroads Spurs Football Club	Develop Football	

De Vos JL	Youth Development programmes and activities	
Eagle Spurs Football Club	Develop Football	
Epilepsy SA South Cape/Karoo	Rendering a Service for Epeleptic and disabled persons	
FAMSA	Assist families in all warks of life	
Fraaisig Primary School	SWD in Oudshroon	
Greater Knysna Cultural Forum	Eden Drama Festival in Cape Town	
Greater Knysna RFC	Develop Football	
Heal.Equip.Restore.Optimise	Reduce the effects of truama on children and assist with traumitised families	
Holly Christian Apostolic Church	Youth empowering Programmes	
Holy Trinity Church	Replace borehol pump at kraaibosh for water for local Community	
Hospice	Provide homebased care	
Inferna Fusion Drama Group	Finals at Baxter theatre in CPT	
Kay's	School Clothing	
Knysna Alcohol and Drug Centre	Provide assistance to individuals that are effected with alcohol abuse and drug	
Knysna Association for People with Disabilities	Rendering a Service for those who are disable	
Knysna Celtics Football Club	Develop Football	
Knysna Education Trust	Enchansing the qaulity of Education	
Knysna High School	Provincial Sports	
Knysna Literary Festival	Aims to Stimulate children and encourage them to embrace literacy	
Knysna Local Football Associat	Develop Football	
Knysna Music Society	Promotes Classical Music of international standard to Knysna	
Knysna Sea Cadets	Develop Sea Cadets programmes	
Knysna Speed Festival	Speed Festival	
Knysna Swallows FC	Develop Football	
Knysna United Rugby Football Club	Develop Football	
Knysna Yacht Club	Develop Sailing	
Loeriehof Tehuis vir Bejaardes	Daily Care for the Elderly	
Masithandane	Work in disadvantage communities	
National Sea Rescue Institute	Perform Sea Rescue Services	

Options Care Centre YFC	Rendering counselling and supportive service for the Youth	
People's Dispensary for Sick Animals	Health care for animals	
Pep Stores	School clothing for needy children	
SA Rugby Union	Develop Rugby	
Sedgefield Community Police	Neighbourhood watch for communities in Sedgefield	
Sedgefield Eagle Stars	Develop Football	
Sedgefield First Aid Crew	Promotes first Aid amongst community	
Sedgefield Island Conservancy	Manage and maintain Pledge Nature Reserve	
Sedgefield Mobile Meals	Provide food for the poor	
Sedgefield Striders	Promote Running and Walking	
Sinethemba Youth Development	Drop in day care Centre	
South African Sailing	Develop Sailing	
Southern Cape Education Trust	Educate pre-school children in disadvantage communities	
Southern Stars United FC	Develop Football	
St James Brigade Band	Develop a Brass Band	
Stoltz L	Gymnastics stars SWD CPT	
Swd Skole Sport : Krieket	SWD in Witriver	
The Apostolic Faith Mission SA	Support various youth Groups	
The Knysna Sport School Development	Promotes Sport school	
The Pledge Nature Reserve	Maintain and Monitor nature Reserve	
Titans Womans Rugby Club	Develop rugby amongst Women	
Transport For Funeral Arrangements	Witbooi Transport	
Transporting Initiation Forum	Mbali Mzwadoda	
TS Knysna for The Sea Cadets	Promotes and Develop Sea Cadets	
University Of Western Cape	Student Dance Team Tournament	
Vermont Old Age Home Centre	Provide For the Aged	
Young Eagles FC	Develop Football	
Youth For Christ	Promotes income generation, and reduce unemployment rate	
Total		

** From 2002/03 - 2011/12		
Vermont Centre - R20 000		
Vermont Service Centre R10 000		

APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

All returns were made in due time under MFMA S71.

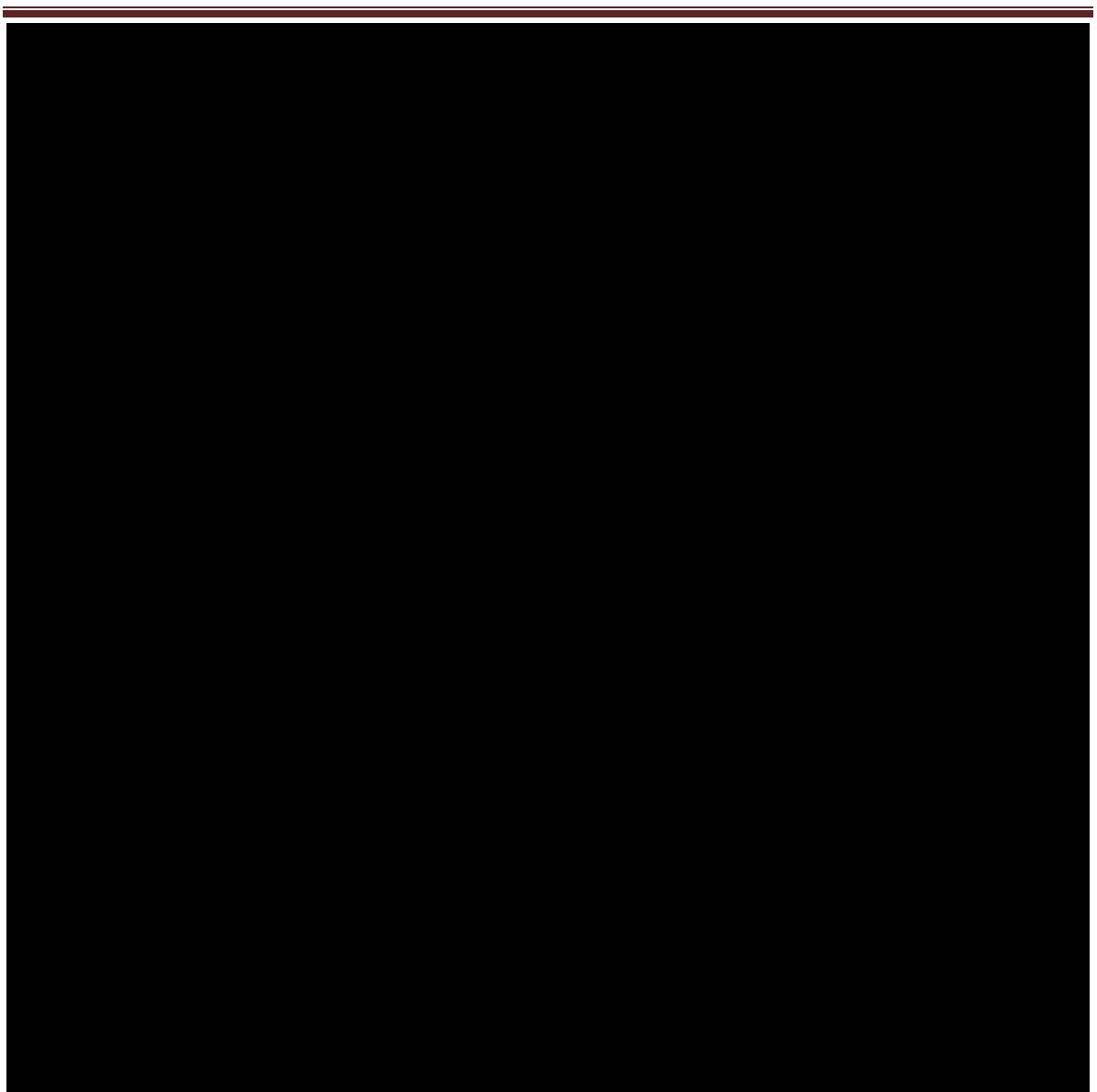
APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Outcome/Output (National Outcome)	Progress to Date		
	Total Performance Indicators	Number Achieved	Percentage Achieved
A better South Africa, a better Africa and world	4	4	100%
A development-orientated public service and inclusive citizenship	2	1	50%
A responsive and accountable, effective and efficient local government system	18	16	89%
A skilled and capable workforce to support inclusive growth	4	3	75%
An effective, competitive and responsive economic infrastructure network	10	8	80%
Decent employment through inclusive economic growth	4	4	100%
Improve health and life expectancy	-	-	-
Improve the quality of basic education	1	1	100%
Protection and enhancement of environmental assets and natural resources	4	4	100%
Sustainable human settlements and improved quality of household life	2	-	0%
Total	49	39	84%



[Audited financial statements.]

CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2013



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**GENERAL INFORMATION****MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE**

G Wolmarans	Executive Mayor
M L Wasserman	Speaker
E D Edge	Executive Councillor [Deputy Executive Mayor and Chairperson: Finance Committee]
M Williams	Executive Councillor [Chairperson: Community Services Committee]
L M Hart	Executive Councillor [Chairperson: Planning, Infrastructure and Development Committee]
R A Dawson	Executive Councillor [Chairperson: Governance and Economic Development Committee]

AUDITORS

Auditor-General
Private Bag X96, Bellville 7535

BANKER

Nedbank Corporate
P O Box 472, Knysna
6570

REGISTERED OFFICE

Civic Centre	P O Box 21	Tel 044 - 302 6300
Clyde Street	Knysna	Fax 044 - 302 6333
Knysna	6570	

MUNICIPAL MANAGER

Ms L Waring

CHIEF FINANCIAL OFFICER

Mr G S Easton

LEGAL FORM

Category B municipality (local municipality) envisaged in section 155(1)(b) of the Constitution

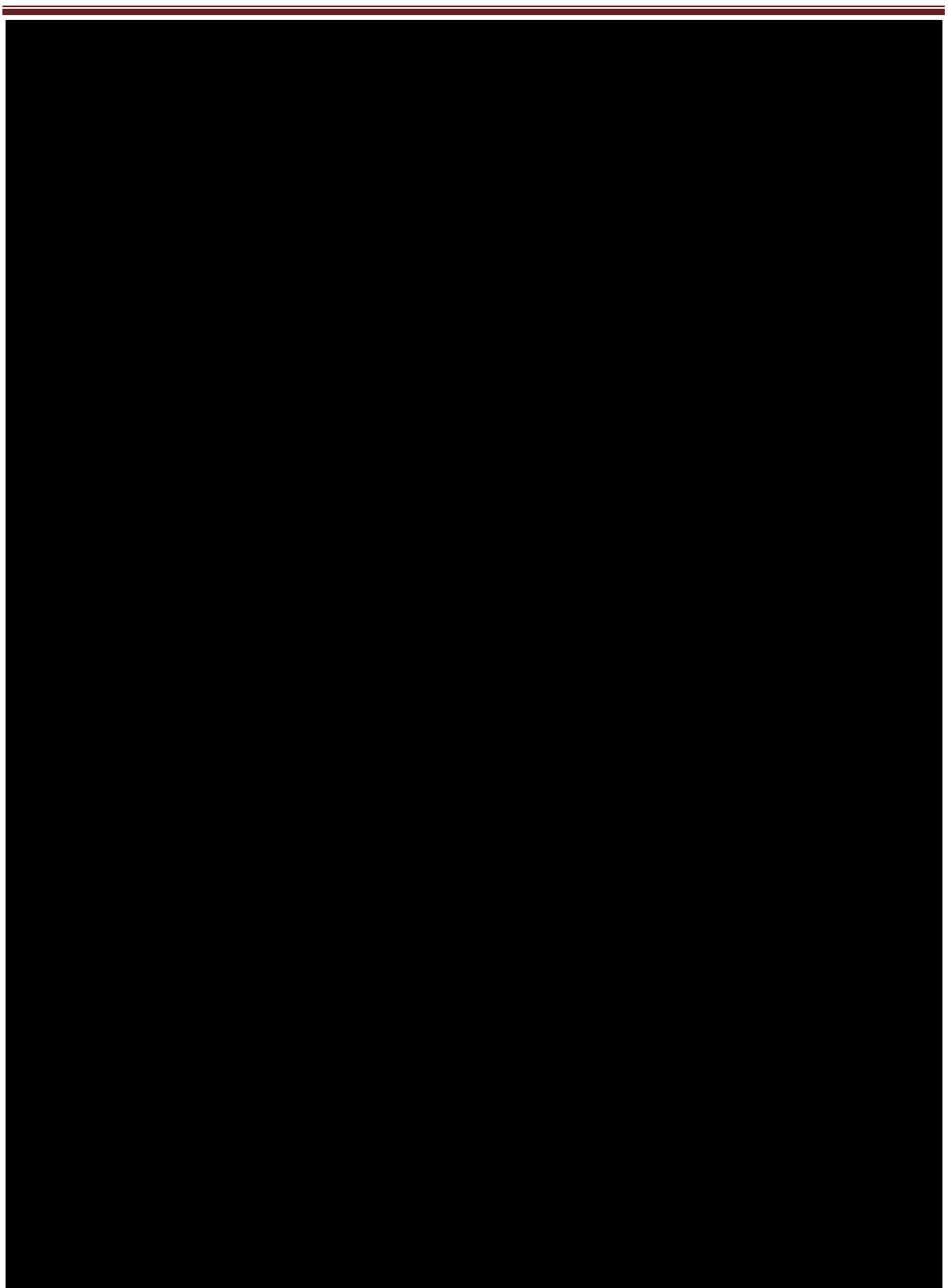
JURISDICTION

Greater Knysna area which includes:

Knysna
Sedgefield
Rheendal
Karara
Brenton
Belvidere
Noetzie

RELEVANT LEGISLATION

Constitution of the Republic of South Africa (Act no 108 of 1996)
Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)



REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE KNYSNA MUNICIPALITY REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Knysna Municipality set out on pages 14 to 96, which comprise the consolidated and separate statements of financial position as at 30 June 2013, the consolidated and separate statements of financial performance, the consolidated and separate statements of changes in net assets, the consolidated and separate statement of comparison of budget and actual amounts and the consolidated and separate cash flow statements for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Knysna Municipality as at 30 June 2013, and their financial performance, budget comparison and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. As disclosed in note 51.01 to the consolidated financial statements, the municipality is the defendant in an action instituted for damages and claims against the municipality for R2 030 750 plus interest of 15,5% per annum from 6 March 2004, bringing the total claim to R4 965 406. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the consolidated financial statements.

Material losses/impairments

9. As disclosed in note 42.6 to the financial statements, the municipality incurred material distribution losses during the year. The details are as follows:
- Water: 806 mega litres, equalling 18,4% of purified water and amounting to R8 203 919 (2011-12: 14,4%)
 - Electricity: 19 993 mega watts, equalling 10,9% of units purchased and amounting to R16 654 660 (2011-12: 8,7%)
10. As disclosed in note 18 to the consolidated financial statements the municipality had receivables from exchange transactions totalling R59 263 889 at 30 June 2013 (2011-12: R82 919 481). A provision for impairment of R22 683 402 (2011-12: R46 219 799) was raised against receivables from exchange transactions. Furthermore, during the year the municipality wrote-off as irrecoverable receivables from exchange transactions amounting to R36 191 000.
11. As disclosed in note 19 to the consolidated financial statements the municipality had receivables from non-exchange transactions totalling R48 984 584 at 30 June 2013 (2011-12: R39 664 974). A provision for impairment of R18 366 226 (2010-11: R13 599 409) was raised against receivables from non-exchange transactions.

Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material inconsistencies in other information included in the annual report

13. The complete draft annual report has not yet been received at the date of this report. As a result, it has not yet been reviewed for any inconsistency with the consolidated financial statements. The final printer's proof of the annual report will be reviewed and any material inconsistencies identified will be communicated to management. Should the inconsistencies identified not be corrected, it may result in the matter being included in the audit report.

Unaudited supplementary schedules

14. The supplementary information set out on pages 92 to 93 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives***Knysna Municipality***

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 117 to 138 of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matters

19. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below.

Achievement of planned targets

20. Of the total number of 50 targets planned for the year, 14 targets were not achieved during the year under review. This represents 28% of total planned targets that were not achieved during the year under review. This was as a result of the municipality not considering relevant systems and evidential requirements during the annual strategic planning process.

Material adjustments to the annual performance report

21. Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management.

Amaraka Investments No. 64 (Pty) Ltd, trading as Knysna Economic Development Agency

22. There were no matters to report in respect of performance against predetermined objectives as the entity was not operational during the year under review. The council is in the process of deregistering the entity.

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

Knysna Municipality

24. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Amaraka Investments No. 64 (Pty) Ltd, trading as Knysna Economic Development Agency

25. There were no matters to report in respect of performance against predetermined objectives as the entity was not operational during the year under review.

Internal control

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations.
27. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

OTHER REPORTS**Investigations**

28. As disclosed in note 48.04 to the financial statements, four staff members of the Knysna Traffic Department were suspended from duty. The suspension emanated from a forensic investigation into the certification of vehicles for roadworthiness at the vehicle testing centre of the Knysna Municipality. The investigation has been completed and the vehicle testing centre has been closed indefinitely.

29. During the year internal audit conducted an investigation into allegation of procurement irregularities relating to a tender awarded in the prior year. The investigation was completed and the municipality is in the process of taking measures to address the findings raised.

Auditor-General

Cape Town

11 December 2013



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

KNYSNA MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013
REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the consolidated financial position of Knysna Municipality and the Knysna Economic Development Agency for the fiscal year 2012/13.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Once again the relevance of these financials for comparative purposes is at best hazy. One simply needs to note the "positive" shift from deficit to surplus of some R209 million. One could of course say that this is a vast improvement on the "negative" shift the year before of R249 million but as these shifts represent almost nothing in the way of cash, the point is moot. Additionally whilst the Accumulated Surplus shows a robust and healthy improvement of R57 million, the reality in Knysna remains that there is very little actual cash that can be easily realised for investment in new service delivery.

To the man in the street therefore, the relevance, complexity and opaqueness of municipal accounting remains as far removed as it did ten years ago. Coupled to this is the over-concentration by other spheres of government on reporting on performance and using this as a stick, without any indication of where a carrot might be. It is hardly surprising that there are so many complaints about service delivery within local government when local government has no carrot in the shape of financial sustainability through a proper review of powers and functions.

A simple example of this is shown in the ratios below. Over 55% of municipal operating expenses comprise two categories, namely Employee Related Costs and Bulk purchases. Neither of these are within the meaningful ability of a local authority to control. The pricing sits at national level. Perhaps other spheres of government should look at themselves in the first instance before criticising local government so forcefully.

2. KEY FINANCIAL INDICATORS

The impact of the economic downturn on the Knysna economy continues apace. In December 2012 Council took the far reaching decision to write-off some R35 million of service arrears. For businesses this was a signal of Council's intent to assist in expanding and encouraging the local economy as far as it possibly can. The controllable local spend by Council is currently over 50%, another clear indicator of our resolve and it is our intention to drive this to over 60% by end June 2014.

As stated above, whilst the comparisons are at best hazy, the various required financial statement ratios are shown below.

Financial Statement Ratios:

INDICATOR	2013	2012
Surplus / (Deficit) for the year before Appropriations	57 694 610	(153 632 057)
Accumulated Surplus / (Deficit) at the end of the Year	653 100 097	595 454 229
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	30.77%	20.17%
Remuneration of Councillors	1.20%	0.81%
Debt Impairment	4.15%	3.63%
Collection Cost	0.21%	0.06%
Depreciation and Amortisation	4.32%	3.01%
Impairments	0.01%	18.47%
Repairs and Maintenance	4.56%	3.18%
Actuarial losses	0.00%	0.73%
Finance Charges	3.01%	2.41%
Unamortised discount - Interest	0.00%	0.00%
Bulk Purchases	24.77%	15.54%
Contracted services	3.47%	2.22%
Grants and Subsidies Paid	1.14%	0.84%
Stock Adjustments	0.00%	0.00%
Other Operating Grant Expenditure	9.16%	7.73%
General Expenses	12.82%	8.08%
Loss on Fair Value Adjustments of Land and Buildings and Investment Properties	0.00%	13.06%
Loss on Disposal of Property, Plant & Equipment/Investment Properties	0.40%	0.06%
Current Ratio:		
Creditors Days	33	33
Debtors Days	101	104

KNYSNA MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013
REPORT OF THE CHIEF FINANCIAL OFFICER

3. OPERATING RESULTS

Details of the operating results per category of expenditure, together with an explanation of variances, is included in Note .

The overall operating results for the year ended 30 June 2013 are as follows:

DETAILS	Actual 2012/2013 R	Actual 2011/2012 R	Percentage Variance %	Budgeted 2012/2013 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	595 454 228	734 142 176	-18.89%	-	-
Operating income for the year (incl. gains in disposal of assets)	551 386 947	538 900 022	2.32%	547 573 050	0.70%
Appropriations for the year	(48 743)	14 944 109	-100.33%	-	-
	1 146 792 432	1 287 986 307	-10.96%	547 573 050	109.43%
Expenditure:					
Operating expenditure for the year	493 692 336	692 532 079	-28.71%	502 897 701	-1.83%
Closing surplus / (deficit)	653 100 096	595 454 228	9.68%	-	-
	1 146 792 432	1 287 986 307	-10.96%	502 897 701	128.04%

4. CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 74 611 437 (2011/2012: R 60 045 827) and in percentage terms amounts to 107% of budget. Full details of Property, Plant and Equipment are disclosed in note number 11 to the Annual Financial Statements.

5. LONG-TERM LIABILITIES

	2013 R	2012 R
The outstanding amount of Long-term Liabilities as at 30 June was :	147 206 916	164 667 412
New loans taken up during the financial year to enable the municipality to finance part of its capital requirements.	649 431	8 254 088

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	95 623 706	89 825 113
Provision for Post Retirement Benefits	67 726 257	63 840 320
Provision for Ex-Gratia Pension Benefits	273 322	323 338
Provision for Long Service Awards	9 660 947	8 567 483
Provision for Rehabilitation of Landfill-sites	3 858 879	3 724 966
Provision for Clearing of Alien Vegetation	14 104 301	13 369 006
	95 623 706	89 825 113

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 4 and 5 for more detail.

KNYSNA MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013
REPORT OF THE CHIEF FINANCIAL OFFICER

		2013 R	2012 R
7. CURRENT LIABILITIES			
Current Liabilities are made up as follows:			
Consumer Deposits	Note number 6	9 658 100	9 288 612
Current Employee benefits	Note number 7	21 649 642	18 806 470
Payables from Exchange Transactions	Note number 8	54 717 766	46 990 972
Unspent Conditional Government Grants and Receipts	Note number 9	1 262 071	2 137 004
Operating Lease Liability - Non-Current and Current	Note number 20	979 371	1 127 236
Current Portion of Long-term Liabilities	Note number 3	18 129 932	17 258 767
		<u>106 396 882</u>	<u>95 609 061</u>
Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.			
Refer to the indicated Note numbers for more detail.			
8. INTANGIBLE ASSETS			
The net value of Intangible Assets is:		<u>992 414</u>	<u>669 145</u>
These are assets without physical form and are all in respect of computer software.			
Refer to Note number 13 for more detail.			
9. PROPERTY, PLANT AND EQUIPMENT			
The net value of Property, Plant and Equipment is:		<u>736 291 032</u>	<u>685 074 386</u>
Refer to Note number 11 for more detail.			
10. INVESTMENTS			
The municipality held Investments to the value of :		<u>19 025 017</u>	<u>16 880 786</u>
These investments are ring-fenced for purposes of either the security for and repayment of Long-term Liabilities or the collateral on staff housing loans, with the result that no amounts are available for own purposes.			
Refer to Note number 15 for more detail.			
11. LONG-TERM RECEIVABLES			
Long-term Receivables consist mainly of a loan to Vermont old age home. A provision for impairment for the specific loan was made to the value of R 498 865.		<u>1 069 312</u>	<u>1 357 696</u>
Refer to Note number 16 for more detail.			

KNYSNA MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013
REPORT OF THE CHIEF FINANCIAL OFFICER

12. CURRENT ASSETS		2013 R	2012 R
Current Assets are made up as follows:			
Inventory	Note number 17	8 539 759	7 964 559
Receivables from Exchange Transactions	Note number 18	36 580 487	36 699 619
Receivables from Non-exchange Transactions	Note number 19	30 618 359	26 065 566
Unpaid Conditional Government Grants and Receipts	Note number 9	6 275 080	1 870 171
Current- and Non-current Operating Lease Asset	Note number 20	2 517 042	2 431 991
Taxes	Note number 10	3 221 545	1 553 426
Current Portion of Long-term Receivables	Note number 16	114 566	201 842
Cash and Cash Equivalents	Note number 21	46 160 683	55 502 803
		<u>134 027 521</u>	<u>132 289 977</u>

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes numbers 9 and 23 for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 48.

15. DISCLOSURE ISSUES

Towards the end of the comparative year Council took the decision to wind up the Knysna Economic Development Agency (Disclosure required as per GRAP 100 - discontinued operations). The Entity ceased all operations and the nett assets were transferred accordingly.

16. EXPRESSION OF APPRECIATION

I am immensely grateful for the support of the Municipal Manager, Ms Lauren Waring, Councillors, directors (old and new), the managers and staff of the municipality.

My biggest thanks to my own staff for once again exceeding every expectation and a very particular thank you to Ms Lorienne McCartney, the Manager of the Budget Office, for all her inputs in coordinating and managing the process in what has been a very transitional year.


C.S. EASTON
CHIEF FINANCIAL OFFICER
28 November 2013

KNYSNA MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

Notes	Economic Entity		Knysna Municipality	
	2013 R	2012 R (Restated)	2013 R	2012 R (Restated)
NET ASSETS AND LIABILITIES				
Net Assets	715 493 112	658 024 840	715 493 113	658 024 840
Capital Replacement Reserve	2 3 638 765	4 692 214	2 3 638 765	4 692 214
Employee Benefits Reserve	2 6 669 395	6 153 045	2 6 669 395	6 153 045
Housing Development Fund - Restated 2012 - Note 37.01	2 -	-	2 -	-
Non-Current Provisions Reserve	2 3 592 636	3 418 794	2 3 592 636	3 418 794
Revaluations Reserve	2 47 668 219	47 894 557	2 47 668 219	47 894 557
Valuation Roll Reserve	2 824 000	412 000	2 824 000	412 000
Accumulated Surplus/(Deficit)	653 100 097	595 454 229	653 100 097	595 454 229
Non-Current Liabilities	223 267 234	236 724 551	223 267 234	236 724 551
Long-term Liabilities	3 129 597 177	148 421 137	3 129 597 177	148 421 137
Employee Benefits	4 74 727 506	70 082 206	4 74 727 506	70 082 206
Non-Current Provisions	5 17 963 180	17 093 972	5 17 963 180	17 093 972
Non-Current Operating Lease Liability	20 979 371	1 127 236	20 979 371	1 127 236
Liabilities associated with Discontinued Operations	36 -	1 690 651	36 -	-
Current Liabilities	105 417 511	94 481 826	105 417 511	94 692 022
Consumer Deposits	6 9 658 100	9 288 612	6 9 658 100	9 288 612
Current Employee Benefits	7 21 649 642	18 806 470	7 21 649 642	18 806 470
Provisions	-	-	-	-
Payables from Exchange Transactions	8 54 717 766	46 990 972	8 54 717 766	47 201 189
Unspent Conditional Government Grants and Receipts	9 1 262 071	2 137 004	9 1 262 071	2 137 004
Current Portion of Long-term Liabilities	3 18 129 932	17 258 767	3 18 129 932	17 258 767
Total Net Assets and Liabilities	1 044 177 858	990 921 868	1 044 177 858	989 441 414
ASSETS				
Non-Current Assets	912 667 379	859 079 561	912 667 379	859 583 428
Property, Plant and Equipment	11 736 291 032	685 074 386	11 736 291 032	685 074 386
Investment Property	12 130 644 500	130 648 500	12 130 644 500	130 648 500
Intangible Assets	13 992 414	669 145	13 992 414	669 145
Heritage Assets	14 22 741 493	22 741 493	14 22 741 493	22 741 493
Non-Current Investments	15 19 025 017	16 880 786	15 19 025 017	17 384 653
Non-Current Operating Lease Asset	20 2 517 042	2 431 991	20 2 517 042	2 431 991
Long-Term Receivables	16 455 881	633 261	16 455 881	633 261
Assets associated with Discontinued Operations	36 -	1 984 321	36 -	-
Current Assets	131 510 479	129 857 986	131 510 479	129 857 986
Inventory	17 8 539 759	7 964 559	17 8 539 759	7 964 559
Receivables from Exchange Transactions	18 36 580 487	36 699 619	18 36 580 487	36 699 619
Receivables from Non-Exchange Transactions	19 30 618 359	26 065 566	19 30 618 359	26 065 566
Unpaid Conditional Government Grants and Receipts	9 6 275 080	1 870 171	9 6 275 080	1 870 171
Taxes	10 3 221 545	1 553 426	10 3 221 545	1 553 426
Current Portion of Long-term Receivables	16 114 566	201 842	16 114 566	201 842
Cash and Cash Equivalents	21 46 160 683	55 502 803	21 46 160 683	55 502 803
Total Assets	1 044 177 858	990 921 868	1 044 177 858	989 441 414

KNYSNA MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

Notes	Economic Entity		Knysna Municipality	
	2013	2012	2013	2012
	R	R Restated - Note 37.08	R	R Restated - Note 37.08
REVENUE				
Revenue from Non-exchange Transactions	285 128 920	289 479 830	285 128 920	289 479 830
Taxation Revenue	139 970 477	125 364 197	139 970 477	125 364 197
Property taxes	139 970 477	125 364 197	139 970 477	125 364 197
Transfer Revenue	124 842 443	119 909 798	124 842 443	119 909 798
Government Grants and Subsidies - Capital	41 022 992	30 678 919	41 022 992	30 678 919
Government Grants and Subsidies - Operating	83 819 451	89 230 879	83 819 451	89 230 879
Other Revenue	20 316 000	44 205 836	20 316 000	44 205 836
Actuarial Gains	2 349 887	127 207	2 349 887	127 207
Augmentation Fees	996 470	808 126	996 470	808 126
Public Contributions and Donations - Contributed Assets	695 000	776 640	695 000	776 640
Third Party Payments	1 255 042	1 140 545	1 255 042	1 140 545
Fines	13 964 071	7 677 243	13 964 071	7 677 243
Stock Adjustments	51 706	116 508	51 706	116 508
Gain on Fair Value Adjustments of Investment Property	-	27 353 000	-	27 353 000
Reversal of Impairment Losses of Property, Plant & Equipment	-	5 182 388	-	5 182 388
Other	1 003 824	1 024 179	1 003 824	1 024 179
Revenue from Exchange Transactions	266 258 028	249 420 192	266 258 028	249 420 192
Property Rates - penalties imposed and collection charges	2 487 356	2 356 484	2 487 356	2 356 484
Service Charges	241 302 403	226 548 838	241 302 403	226 548 838
Rental of Facilities and Equipment	3 545 442	3 500 055	3 545 442	3 500 055
Interest Earned - external investments	6 588 564	6 667 005	6 588 564	6 667 005
Interest Earned - outstanding debtors	3 237 411	4 550 920	3 237 411	4 550 920
Licences and Permits	1 673 509	1 843 007	1 673 509	1 843 007
Agency Services	1 809 401	1 773 945	1 809 401	1 773 945
Other Income	2 299 698	1 524 171	2 299 698	1 524 171
Gain on disposal of Property, Plant & Equipment/Investment Property	2 816 051	43 027	2 816 051	43 027
Unamortised discount - Interest	498 193	612 740	498 193	612 740
Total Revenue	551 386 947	538 900 022	551 386 947	538 900 022
EXPENDITURE				
Employee related costs	151 924 440	139 675 613	151 924 440	139 675 613
Remuneration of Councillors	5 907 523	5 619 224	5 907 523	5 619 224
Debt Impairment	20 479 761	24 631 745	20 479 761	25 141 806
Collection Cost	1 026 111	388 739	1 026 111	388 739
Depreciation and Amortisation	21 317 796	20 861 409	21 317 796	20 861 409
Impairments	52 040	127 876 898	52 040	127 876 898
Repairs and Maintenance	22 514 634	22 025 163	22 514 634	22 025 163
Actuarial losses	7 074	5 061 702	7 074	5 061 702
Finance Charges	14 876 041	16 685 997	14 876 041	16 685 997
Unamortised discount - Interest	5 894	8 302	5 894	8 302
Bulk Purchases	122 309 548	107 647 419	122 309 548	107 647 419
Contracted services	17 127 860	15 362 958	17 127 860	15 362 958
Grants and Subsidies Paid	5 610 302	5 783 606	5 610 302	5 783 606
Other Operating Grant Expenditure	45 232 892	53 564 343	45 232 892	53 564 343
General Expenses	63 269 990	55 935 013	63 311 114	55 935 013
Impairment of Investment Assets	-	90 472 000	-	90 472 000
Loss on Disposal of Property, Plant & Equipment/Investment Properties	1 989 306	421 887	1 989 306	421 887
Total Expenditure	493 651 212	692 022 018	493 692 336	692 532 079
NET SURPLUS / (DEFICIT) FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS	57 735 736	(153 121 995)	57 694 612	(153 632 057)
Discontinued Operations - Municipal Entity	(41 126)	(510 061)	-	-
NET SURPLUS FOR THE YEAR - AFTER DISCONTINUED OPERATIONS	57 694 610	(153 632 057)	57 694 612	(153 632 057)

KNYSNA MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

(Refer to note 36 for Discontinued operations)

(Refer to note 36 for Discontinued operations)		Economic Entity		Knysna Municipality	
	Notes	2013 R	2012 (Restated) R	2013 R	2012 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other - Exchange Transactions - Restated 2012		242 472 629	193 246 628	242 126 884	193 246 628
Cash receipts from ratepayers and other - Non-Exchange Transactions		150 966 868	158 820 839	150 966 868	158 688 038
Cash receipts from government - Non-Exchange Transactions		119 562 600	118 015 709	119 562 600	118 015 709
Cash payments to suppliers and employees - Restated 2012		(424 496 618)	(392 119 792)	(424 494 685)	(391 103 597)
Cash generated/(absorbed) by operations	38	88 505 479	77 963 384	88 161 667	78 846 778
Interest Received		6 588 564	6 719 210	6 588 564	6 667 005
Interest Paid		(14 876 041)	(16 685 997)	(14 876 041)	(16 685 997)
Net Cash from Operating Activities		80 218 003	67 996 597	79 874 190	68 827 786
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment - Restated 2012 - Note 37.05		(73 962 006)	(60 045 827)	(73 962 006)	(60 045 827)
Proceeds on Disposal of Fixed Assets		2 880 909	42 552	2 880 909	42 552
Movement in Non-current assets held for sale		-	-	-	-
Purchase of Intangible Assets		(522 287)	-	(522 287)	-
Purchase of Investment Properties		-	(50 000)	-	(50 000)
(Increase)/Decrease in Non-current Investments		(2 144 232)	(1 897 236)	127 514	(2 436 547)
Net Cash from Investing Activities		(73 747 614)	(61 950 511)	(71 475 869)	(62 489 822)
CASH FLOW FROM FINANCING ACTIVITIES					
New loans raised		-	8 254 088	-	8 254 088
Loans repaid		(18 109 930)	(16 582 980)	(18 109 930)	(16 582 980)
Increase in Consumer Deposits		369 489	185 150	369 489	185 150
Net Cash from Financing Activities		(17 740 441)	(8 143 742)	(17 740 441)	(8 143 742)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(11 270 052)	(2 097 655)	(9 342 120)	(1 805 777)
Cash and Cash Equivalents at the beginning of the year		57 430 735	59 528 390	55 502 803	57 308 580
Cash and Cash Equivalents at the end of the year	39	46 160 683	57 430 735	46 160 683	55 502 803
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(11 270 052)	(2 097 655)	(9 342 120)	(1 805 777)
Disclosed as:					
Continued operations		(9 342 120)	(1 805 777)	(9 342 120)	(1 805 777)
Discontinued operations - Note 36		(1 927 932)	(291 878)	-	-
		(11 270 052)	(2 097 655)	(9 342 120)	(1 805 777)

KNYSNA MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

Economic Entity	Employee Benefits Reserve	Non-Current Provisions Reserve	Valuation Roll Reserve	Revaluations Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R
Balance at 1 July 2011	5 242 645	6 115 051	-	-	3 057 395	5 199 523	734 142 176	753 756 790
Correction of errors - Note 37.07	-	-	-	-	(3 057 395)	-	13 062 943	10 005 548
Restated Balance at 1 July 2011	5 242 645	6 115 051	-	-	-	5 199 523	747 205 119	763 762 338
Net Surplus/(Deficit) for the year - Note 37.08	-	-	-	-	-	-	(153 632 057)	(153 632 057)
Transfer to/from Funding Policy Reserves	910 400	(2 696 257)	412 000	-	-	6 078 310	(4 704 453)	-
Revaluation of Property, Plant and Equipment	-	-	-	47 894 557	-	-	-	47 894 557
Property, Plant and Equipment purchased	-	-	-	-	-	(6 585 619)	6 585 619	-
Transfer from/(to) Housing Development Fund	-	-	-	-	(321 263)	-	321 263	-
Correction of errors - Note 37.07	-	-	-	-	321 263	-	(321 263)	-
Balance at 30 June 2012	6 153 045	3 418 794	412 000	47 894 557	-	4 692 214	595 454 229	658 024 839
Net Surplus/(Deficit) for the year	-	-	-	-	-	-	57 694 610	57 694 610
Transfer to/from Funding Policy Reserves	516 350	173 842	412 000	-	-	4 161 626	(5 263 818)	-
Revaluation / (Reversal of revaluation) of Property, Plant and Equipment	-	-	-	(226 339)	-	-	-	(226 339)
Property, Plant and Equipment purchased	-	-	-	-	-	(5 215 075)	5 215 075	-
Balance at 30 June 2013	6 669 395	3 592 636	824 000	47 668 219	-	3 638 765	653 100 097	715 493 110

Knysna Municipality	Employee Benefits Reserve	Non-Current Provisions Reserve	Valuation Roll Reserve	Revaluations Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R
Balance at 1 July 2011	5 242 645	6 115 051	-	-	3 057 395	5 199 523	734 142 176	753 756 790
Correction of errors - Note 37.07	-	-	-	-	(3 057 395)	-	13 062 943	10 005 548
Restated Balance at 1 July 2011	5 242 645	6 115 051	-	-	-	5 199 523	747 205 119	763 762 338
Net Surplus/(Deficit) for the year - Note 37.08	-	-	-	-	-	-	(153 632 057)	(153 632 057)
Transfer to/from Funding Policy Reserves	910 400	(2 696 257)	412 000	-	-	6 078 310	(4 704 453)	-
Revaluation of Property, Plant and Equipment	-	-	-	47 894 557	-	-	-	47 894 557
Property, Plant and Equipment purchased	-	-	-	-	-	(6 585 619)	6 585 619	-
Transfer from/(to) Housing Development Fund	-	-	-	-	(321 263)	-	321 263	-
Correction of errors - Note 37.07	-	-	-	-	321 263	-	(321 263)	-
Balance at 30 June 2012	6 153 045	3 418 794	412 000	47 894 557	-	4 692 214	595 454 229	658 024 838
Net Surplus/(Deficit) for the year	-	-	-	-	-	-	57 694 612	57 694 612
Transfer to/from Funding Policy Reserves	516 350	173 842	412 000	-	-	4 161 626	(5 263 818)	-
Revaluation / (Reversal of revaluation) of Property, Plant and Equipment	-	-	-	(226 339)	-	-	-	(226 339)
Property, Plant and Equipment purchased	-	-	-	-	-	(5 215 075)	5 215 075	-
Balance at 30 June 2013	6 669 395	3 592 636	824 000	47 668 219	-	3 638 765	653 100 097	715 493 112

KNYSNA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R	2013 R	
	Actual	Final Approved Budget	Variance	Explanations for material variances
ASSETS				
Current assets				
Cash	22 885 149	22 921 244	(36 095)	No explanation required - less than 10% variance
Call investment deposits	23 275 534	24 548 400	(1 272 866)	No explanation required - less than 10% variance
Consumer debtors	36 580 487	62 058 116	(25 477 629)	No explanation required - less than 10% variance
Other Receivables	40 114 983	3 237 437	36 877 546	The budget is for VAT only, whilst the actual includes unpaid grants of R6 275 080.
Current portion of long-term receivables	114 586	65 000	49 586	No explanation required - amount less than R1 million.
Inventory	8 539 759	2 171 768	6 367 991	The budget is for warehouse inventory only and did not include opening restatements made to inventory in 2011/2012 of R5 808 027.
Total current assets	131 510 478	115 001 964	16 508 513	
Non current assets				
Long-term receivables	2 972 923	444 658	2 528 265	The budget is for long term receivables only, whilst the actual includes the non current operating lease asset of R2 517 042.
Investments	19 025 017	26 955 000	(7 929 983)	The budget was based on two investments ceded to the DBSA. However at 30 June 2013, the one investment of R8 227 659, is a call investment and not included in non current assets.
Investment property	130 644 500	134 998 000	(4 353 500)	No explanation required - less than 10% variance
Property, plant and equipment	736 291 032	739 816 630	(3 525 598)	No explanation required - less than 10% variance
Biological Assets	-	-	-	
Intangible Assets	992 414	669 145	323 269	No explanation required - amount less than R1 million.
Heritage Assets	22 741 493	-	22 741 493	Implementation of GRAP 103 not included in the approved budget.
Total non current assets	912 667 378	902 883 433	9 783 946	
TOTAL ASSETS	1 044 177 856	1 017 885 398	26 292 458	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	18 129 932	16 678 136	1 451 796	No explanation required - less than 10% variance
Consumer deposits	9 658 100	10 774 440	(1 116 340)	The budget is based on estimated consumer deposits for 2011/2012 of R9.8 million plus 10%, whilst the actual consumer deposits for 2011/2012 were R9.3 million.
Trade and other payables	55 979 837	46 544 447	9 435 390	The budget is based on estimated trade and other payables for 2011/2012 of R33.8 million plus 8%, whilst the actual payables from exchange transactions for 2011/2012 was R47.2 million.
Provisions and Employee Benefits	21 649 642	15 286 908	6 362 734	The budget is based on estimated current employee benefits for 2011/2012 of R12.7 million plus 20%, whilst the actual current employee benefits for 2011/2012 were R18.8 million.
Total current liabilities	105 417 511	89 283 931	16 133 580	
Non current liabilities				
Borrowing	130 576 548	141 015 933	(10 439 385)	No explanation required - less than 10% variance
Provisions and Employee Benefits	92 690 686	87 375 724	5 314 962	No explanation required - less than 10% variance
Total non current liabilities	223 267 234	228 391 657	(5 124 423)	
TOTAL LIABILITIES	328 684 744	317 675 588	11 009 157	
NET ASSETS	715 493 112	700 209 810	15 283 302	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	653 100 087	615 241 458	37 858 639	No explanation required - less than 10% variance
Reserves	62 393 015	84 968 504	(22 575 489)	The budget is based on estimated reserves for 2011/2012 of R13.7 million plus 150%, whilst the actual reserves for 2011/2012 were R61.3 million, with the revaluation reserve forming R46.6 million of the increase.
TOTAL COMMUNITY WEALTH/EQUITY	715 493 112	700 209 962	15 283 151	

KNYSNA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R Final Approved Budget	Explanations for material adjustments
ASSETS				
Current assets				
Cash	12 722 606	10 198 637	22 921 244	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
Call investment deposits	12 807 000	11 741 400	24 548 400	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
Consumer debtors	62 058 116	-	62 058 116	
Other Receivables	3 237 437	-	3 237 437	
Current portion of long-term receivables	65 000	-	65 000	
Inventory	2 171 768	-	2 171 768	
Total current assets	93 061 927	21 940 037	115 001 964	
Non current assets				
Long-term receivables	444 658	-	444 658	
Investments	26 955 000	-	26 955 000	
Investment property	160 441 000	(25 443 000)	134 998 000	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
Property, plant and equipment	978 205 219	(238 388 589)	739 816 630	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
Biological Assets	-	-	-	
Intangible Assets	46 133	623 012	669 145	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
Heritage Assets	-	-	-	
Total non current assets	1 166 092 010	(263 208 577)	902 883 433	
TOTAL ASSETS	1 259 153 938	(241 268 540)	1 017 885 398	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	16 678 136	-	16 678 136	
Consumer deposits	10 774 440	-	10 774 440	
Trade and other payables	36 544 447	10 000 000	46 544 447	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
Provisions and Employee Benefits	15 286 908	-	15 286 908	
Total current liabilities	79 283 931	10 000 000	89 283 931	
Non current liabilities				
Borrowing	141 015 933	-	141 015 933	
Provisions and Employee Benefits	87 375 724	-	87 375 724	
Total non current liabilities	228 391 657	-	228 391 657	
TOTAL LIABILITIES	307 675 588	10 000 000	317 675 588	
NET ASSETS	951 478 350	(251 268 540)	700 209 810	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	917 599 998	(302 358 540)	615 241 458	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012 and adjusting for the approved adjustments to the statement of financial performance for 2012/2013.
Reserves	33 878 504	51 080 000	84 958 504	Adjusting estimated opening balances at 1 July 2012 as approved in the annual budget to align to the audited financial statements for 2011/2012.
TOTAL COMMUNITY WEALTH/EQUITY	951 478 501	(251 268 540)	700 209 962	

KNYSNA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R Final Year-end Budget	2013 R Variance	Explanations for material variances
REVENUE BY SOURCE				
Property rates	139 970 477	143 695 000	(3 724 523)	No explanation required - less than 10% variance
Property rates - penalties & collection charges	2 487 356	2 557 000	(69 644)	No explanation required - less than 10% variance
Service charges	241 302 403	247 930 000	(6 627 597)	No explanation required - less than 10% variance
Rental of facilities and equipment	3 545 442	4 598 000	(1 052 558)	The budget included estimates for straight lining of leases from prior year's which realised lower in 2011/2012 than originally estimated. Utilisation of unspent grants and borrowings decreased interest earned on ring-fenced investments for these unspent funds.
Interest earned - external investments	6 605 759	7 701 000	(1 095 241)	No explanation required - amount less than R1 million.
Interest earned - outstanding debtors	3 237 411	4 034 000	(796 589)	Actual revenue for traffic and speeding fines exceeded the adjusted budget by 98% (R6.9 million).
Fines	13 964 071	7 091 000	6 873 071	No explanation required - less than 10% variance
Licences and permits	1 673 509	1 798 000	(124 491)	No explanation required - less than 10% variance
Agency services	1 809 401	1 691 000	118 401	No explanation required - less than 10% variance
Government Grants and Subsidies - Operating	83 819 451	83 345 000	474 450	No explanation required - less than 10% variance
Other revenue	9 149 820	3 469 050	5 680 770	Other revenue items that do not have budgets but where actuals realised include: Actuarial gains (R2.4 million); Thirdly party payments (R1.3 million); and Contributed Assets (R0.7 million)
Gains on disposal of PPE	2 816 051	186 000	2 630 051	Budget estimates are always conservative for gains and/or losses on disposal of assets.
Total Operating Revenue	510 381 150	508 095 050	2 286 100	
EXPENDITURE BY TYPE				
Employee related costs	151 924 440	157 907 720	(5 983 280)	No explanation required - less than 10% variance
Remuneration of councillors	5 907 523	6 077 700	(170 177)	No explanation required - less than 10% variance
Debt impairment	20 479 761	20 220 000	259 761	No explanation required - less than 10% variance
Depreciation & asset impairment	21 317 796	21 910 000	(592 204)	No explanation required - less than 10% variance
Finance charges	14 876 041	16 300 000	(1 423 959)	No explanation required - less than 10% variance
Bulk purchases	122 309 548	119 269 670	3 039 878	No explanation required - less than 10% variance
Other materials	18 049 415	15 009 410	3 040 005	Items with significant variances include: Fuel and oil (R1.1 million); Direct Eskom supply to remote pump stations (R0.7 million); Materials and stores (R0.6 million); and Chemical supplies (R0.4 million)
Contracted services	17 127 860	15 287 890	1 839 970	The main items with variances are Prepaid electricity management fee (R1.5 million) and Commissions for traffic fine collections (R1.2 million).
Grants and subsidies paid	5 610 302	5 507 050	103 252	No explanation required - less than 10% variance
Other expenditure	114 117 541	125 408 260	(11 290 719)	This variance is made up: Under expenditures on General Expenses (R8.6 million) and Repairs and Maintenance (R6.5 million); and over expenditure on projects funded from national and/or provincial grants (R3.5 million).
Loss on disposal of PPE	1 989 306	-	1 989 306	Budget estimates are always conservative for gains and/or losses on disposal of assets.
Total Operating Expenditure	493 709 533	502 887 700	(9 188 167)	
Operating Surplus for the year	16 671 617	5 197 350	11 474 267	
Government Grants and Subsidies - Capital	41 022 992	39 478 000	1 544 992	Additional allocations received from national and/or provincial government.
Net Surplus for the year	57 694 609	44 675 350	13 019 259	

KNYSNA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	2013 R	2013 R	
	Original Approved Budget	Adjustments	Final Approved Budget	Final Virements	Final Year-end Budget	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	140 834 000	2 861 000	143 695 000	-	143 695 000	No explanation required - less than 10% variance
Property rates - penalties & collection charges	2 557 000	-	2 557 000	-	2 557 000	No explanation required - less than 10% variance
Service charges	247 930 000	-	247 930 000	-	247 930 000	No explanation required - less than 10% variance
Rental of facilities and equipment	4 598 000	-	4 598 000	-	4 598 000	No explanation required - less than 10% variance
Interest earned - external investments	7 701 000	-	7 701 000	-	7 701 000	No explanation required - less than 10% variance
Interest earned - outstanding debtors	4 034 000	-	4 034 000	-	4 034 000	No explanation required - less than 10% variance
Dividends received	-	-	-	-	-	
Fines	3 506 000	3 585 000	7 091 000	-	7 091 000	Increased fine revenue estimates based on the mid-year review.
Licences and permits	1 798 000	-	1 798 000	-	1 798 000	No explanation required - less than 10% variance
Agency services	1 691 000	-	1 691 000	-	1 691 000	No explanation required - less than 10% variance
Government Grants and Subsidies - Operating	70 368 000	12 977 000	83 345 000	-	83 345 000	Additional allocations received from national and/or provincial government.
Other revenue	3 198 000	271 050	3 469 050	-	3 469 050	No explanation required - less than 10% variance
Gains on disposal of PPE	186 000	-	186 000	-	186 000	No explanation required - less than 10% variance
Total Operating Revenue	488 401 000	19 694 050	508 095 050	-	508 095 050	
EXPENDITURE BY TYPE						
Employee related costs	156 090 570	1 584 150	157 674 720	233 000	157 907 720	No explanation required - less than 10% variance
Remuneration of councillors	6 077 700	-	6 077 700	-	6 077 700	No explanation required - less than 10% variance
Debt impairment	20 220 000	-	20 220 000	-	20 220 000	No explanation required - less than 10% variance
Depreciation & asset impairment	21 910 000	-	21 910 000	-	21 910 000	No explanation required - less than 10% variance
Finance charges	16 309 000	-	16 309 000	(9 000)	16 300 000	No explanation required - less than 10% variance
Bulk purchases	119 175 000	-	119 175 000	94 670	119 269 670	No explanation required - less than 10% variance
Other materials	14 753 180	385 300	15 138 480	(129 070)	15 009 410	No explanation required - less than 10% variance
Contracted services	15 071 600	306 290	15 377 890	(90 000)	15 287 890	No explanation required - less than 10% variance
Grants and subsidies paid	5 461 000	21 050	5 482 050	25 000	5 507 050	No explanation required - less than 10% variance
Other expenditure	114 531 000	11 001 860	125 532 860	(124 600)	125 408 260	Increased for expenditure related to the additional government grant allocations received for operating projects.
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	489 599 050	13 298 650	502 897 700	-	502 897 700	
Operating Surplus (Deficit) for the year	(1 198 050)	6 395 400	5 197 350	-	5 197 350	
Government Grants and Subsidies - Capital	36 328 000	3 150 000	39 478 000	-	39 478 000	Additional allocations received from national and/or provincial government.
Net Surplus for the year	35 129 950	9 545 400	44 675 350	-	44 675 350	

KNYSNA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R Final Approved Budget	2013 R Variance	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	393 439 497	391 917 064	1 522 433	No explanation required - less than 10% variance
Government Grants	119 562 600	122 144 000	(2 581 400)	No explanation required - less than 10% variance
Interest	6 588 564	11 735 000	(5 146 436)	The budget is for interest on investment and on arrear debtors, whilst the actual is for investment income only and excludes interest on arrear debtors of R3.2 million.
Payments				
Suppliers and Employees	(418 886 316)	(422 474 256)	3 587 940	No explanation required - less than 10% variance
Finance charges	(14 876 041)	(16 309 000)	1 432 959	No explanation required - less than 10% variance
Transfers and Grants	(5 610 302)	(5 461 000)	(149 302)	No explanation required - less than 10% variance
NET CASH FROM/(USED) OPERATING ACTIVITIES	80 218 002	81 551 808	(1 333 805)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	2 880 909	186 000	2 694 909	Budget estimates are always conservative for proceeds on disposal of assets.
Decrease/(increase) in non-current receivables	-	57 931	(57 931)	No explanation required - amount less than R1 million.
Decrease/(increase) in non-current investments	(2 144 232)	(10 275 450)	8 131 219	The investment maturity of the second ceded investment at year end was short term and not long term as originally budgeted.
Payments				
Capital assets	(74 484 293)	(70 130 000)	(4 354 293)	No explanation required - less than 10% variance
NET CASH FROM/(USED) INVESTING ACTIVITIES	(73 747 616)	(80 161 519)	6 413 903	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	4 759 000	(4 759 000)	Due to the value of unutilised borrowings held during 2012/2013 management chose not to increase new borrowings during the year. Capital markets will be approached during 2013/2014 to provided loans for the approved new borrowings per the 2012/2013 and 2013/2014 annual budgets.
Increase/(decrease) in consumer deposits	369 489	979 495	(610 006)	No explanation required - amount less than R1 million.
Payments				
Repayment of borrowing	(18 109 930)	(15 161 942)	(2 947 988)	The budget is based on an estimated short term portion of long term liabilities for 2011/2012 of R15.2 million plus 10%, whilst the actual short term portion of long term borrowings for 2011/2012 was R17.3 million, which includes capitalised lease liability of R1.8 million.
NET CASH FROM/(USED) FINANCING ACTIVITIES	(17 740 441)	(9 423 448)	(8 316 994)	
NET INCREASE/(DECREASE) IN CASH HELD	(11 270 055)	(8 033 159)	(3 236 896)	
Cash and Cash Equivalents at the beginning of the year	57 430 735	55 502 803	1 927 932	
Cash and Cash Equivalents at the end of the year	46 160 683	47 469 644	(1 308 962)	

KNYSNA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	
	Approved Budget	Adjustments	Final Approved Budget	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	385 200 014	6 717 050	391 917 064	No explanation required - less than 10% variance
Government - operating	70 053 000	12 977 000	83 030 000	Additional allocations made to the municipality in terms of national and/or provincial adjustments budgets.
Government - capital	35 964 000	3 150 000	39 114 000	No explanation required - less than 10% variance
Interest	11 735 000	-	11 735 000	No explanation required - less than 10% variance
Dividends	-	-	-	
Payments				
Suppliers and Employees	(411 371 606)	(11 102 650)	(422 474 256)	No explanation required - less than 10% variance
Finance charges	(16 309 000)	-	(16 309 000)	No explanation required - less than 10% variance
Transfers and Grants	(5 461 000)	-	(5 461 000)	No explanation required - less than 10% variance
NET CASH FROM/(USED) OPERATING ACTIVITIES	69 810 408	11 741 400	81 551 808	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	186 000	-	186 000	No explanation required - less than 10% variance
Decrease/(increase) in non-current receivables	57 931	-	57 931	No explanation required - less than 10% variance
Decrease/(increase) in non-current investments	(10 275 450)	-	(10 275 450)	No explanation required - less than 10% variance
Payments				
Capital assets	(71 083 000)	953 000	(70 130 000)	No explanation required - less than 10% variance
NET CASH FROM/(USED) INVESTING ACTIVITIES	(81 114 519)	953 000	(80 161 519)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	4 759 000	-	4 759 000	No explanation required - less than 10% variance
Increase/(decrease) in consumer deposits	979 495	-	979 495	No explanation required - less than 10% variance
Payments				
Repayment of borrowing	(15 161 942)	-	(15 161 942)	No explanation required - less than 10% variance
NET CASH FROM/(USED) FINANCING ACTIVITIES	(9 423 448)	-	(9 423 448)	
NET INCREASE/(DECREASE) IN CASH HELD	(20 727 559)	12 694 400	(8 033 159)	
Cash and Cash Equivalents at the beginning of the year	46 257 166	9 245 637	55 502 803	
Cash and Cash Equivalents at the end of the year	25 529 607	21 940 037	47 469 644	

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Economic Entity resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's annual financial statements incorporate the annual financial statements of the parent entity, Knysna Municipality, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.7. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Economic Entity:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Economic Entity already complies with most of the changes.</p>	Unknown

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Standard	Description	Effective Date
GRAP 7 (Revised – Mar 2012)	<p>Investments in Associate</p> <p>This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Economic Entity will not participate in such business transactions.</p>	1 April 2013
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Economic Entity is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected. Information on expenditure by vote is already included in the notes to the financial statements.</p>	Unknown
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that an Economic Entity's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Economic</p>	Unknown

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Standard	Description	Effective Date
	Entity does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Economic Entity does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Economic Entity does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Economic Entity does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Economic Entity does not have any JCE's at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Economic Entity once implemented.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.10. RESERVES

1.10.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10.2 Employee Benefits Reserve

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

1.10.3 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Economic Entity, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10.4 Non-Current Provisions Reserve

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions. An initial contribution equal to the current provisions, as well as 20% of the prior year balance of the non-current provision is made until the necessary funding level is obtained.

1.10.5 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.10.6 Valuation Roll Reserve

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

1.11. LEASES

1.11.1 Economic Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Economic Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Economic Entity recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2 Economic Entity as Lessor

Under a finance lease, the Economic Entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Economic Entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Economic Entity recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Economic Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Economic Entity has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Economic Entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.16. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Economic Entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.16.1 Post Retirement Medical Obligations

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Economic Entity are set-off against the liability,

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.16.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.16.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic Entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.16.4 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.16.5 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.16.6 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. The Economic Entity's performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16.7 Pension and retirement fund obligations

The Economic Entity provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Economic Entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.16.8 Other Short-term Employee Benefits

When an employee has rendered services to the Economic Entity during a reporting period, the Economic Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Economic Entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Economic Entity directly to the nature of the expenditure to be funded. In such cases, the Economic Entity expenses those

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borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Economic Entity capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Economic Entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.18.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.18.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings, including Community Assets, are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.18.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

Asset Class	Asset Sub-grouping	Useful Life (Yrs)
Land	None	Indefinite
Buildings	None	100
Infrastructure	Sewerage	10 – 100
	Electricity	10 – 100
	Water	10 – 182
	Roads	10 – 102
	Security Measures	5 – 80
Community Assets	None	5 – 100
Leased Asset	None	3 – 6
Other Assets	Bins and Containers	15
	Other	3 – 100
	Office Equipment	2 – 35
	Vehicles and Specialised Vehicles	7 – 50

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.18.5 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. INTANGIBLE ASSETS

1.19.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Economic Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Economic Entity intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Economic Entity or from other rights and obligations.

The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Economic Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic Entity has the resources to complete the project;
- it is probable that the Economic Entity will receive future economic benefits or service potential; and
- the Economic Entity can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the deemed cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.19.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5-10
Computer Software Licenses	5

1.19.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20. INVESTMENT PROPERTY

1.20.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Economic Entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.20.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

1.20.3 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.21 HERITAGE ASSETS**1.21.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Economic Entity, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.21.2 Subsequent Measurement – Cost Model

After recognition as an asset, loose heritage assets are carried at its cost less any accumulated impairment losses.

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1.21.3 Subsequent Measurement – Revaluation Model

After recognition as an asset, Land and Buildings heritage assets are carried at a re-valued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations are performed whenever there are significant changes in market prices.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in Statement of Financial Performance to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in the Statement of Financial Performance.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the Statement of Financial Performance. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.21.4 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable service amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.21.5 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.22. NON-CURRENT ASSETS HELD FOR SALE

1.22.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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1.22.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.23. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.23.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Economic Entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.23.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period or will take place in the near future, in the

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technological, legal or government policy environment in which the Economic Entity operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset

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before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Economic Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Economic Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.24. INVENTORIES

1.24.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.24.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

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The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

The cost of land held for sale is assigned by using specific identification of their individual costs.

1.25. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.25.1 Initial Recognition

Financial instruments are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.25.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.25.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant

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financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.25.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.25.2.3 Cash and Cash Equivalents

Cash and Cash Equivalents are initially measured at fair value. Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Economic Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.25.2.4 Non-Current Investments

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Investments, which include investments in municipal entities, and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.25.3 De-recognition of Financial Instruments

1.25.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Economic Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Economic Entity has transferred substantially all the risks and rewards of the asset, or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.25.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.25.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.26. REVENUE

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Economic Entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Economic Entity does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received, but the Economic Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

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Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Economic Entity.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Economic Entity's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Economic Entity still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

When, as a result of a non-exchange transaction, a Economic Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Economic Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Economic Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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At the time of initial recognition the full amount of revenue is recognised where the Economic Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Economic Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Economic Entity was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 10 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

Revenue arising out of situations where the Economic Entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Economic Entity as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

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The amount of revenue arising on a transaction is usually determined by agreement between the Economic Entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Economic Entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27 TRANSFER OF FUNCTION (Economic Entity as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving the Economic Entity's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Economic Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Economic Entity or from other rights and obligations.

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The Economic Entity accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Economic Entity);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Economic Entity recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Economic Entity and the acquiree (or its former owners) agreed in the binding arrangement.

The Economic Entity measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Economic Entity subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.28. RELATED PARTIES

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Economic Entity:

- (a) A person or a close member of that person's family is related to the Economic Entity if that person:
 - has control or joint control over the Economic Entity.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Economic Entity.
 - is a member of the management of the Economic Entity or its controlling entity.
- (b) An entity is related to the Economic Entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Economic Entity or an entity related to the Economic Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Economic Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Economic Entity, including:

- (a) all members of the governing body of the Economic Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity; and
- (d) the senior management team of the Economic Entity, including the chief executive officer or permanent head of the Economic Entity, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, including the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and Councillors.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration

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provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Economic Entity.

The Economic entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.29. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Economic Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Economic entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources

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embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

1.33.1 Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.33.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.33.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic Entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Economic Entity's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Economic Entity and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.33.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Economic Entity and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

1.33.5 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.33.6 Revenue Recognition

Accounting Policy 1.26.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.26.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Economic Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions, specifically whether the Economic Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.33.7 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.33.8 Provision for Clearing of Alien Vegetation

The Economic entity has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared. Assessment of the clearing costs is based on quotations from a specialist supplier and is made every second year and adjusted for inflationary in the alternate years.

1.33.9 Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Economic Entity's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

1.33.10 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.33.11 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.33.12 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.33.13 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.34. Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Economic entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Economic entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Economic entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Economic entity to realise the net deferred tax assets recorded at the reporting date could be impacted.

1.35. TAXATION

1.35.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.35.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.36. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Value added tax is recognised on the payment basis.

1.37. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.38. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Economic Entity discloses the nature and an estimate of the financial effect.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
4 EMPLOYEE BENEFITS				
Post Retirement Benefits - Refer to Note 4.1	65 888 133	62 031 404	65 888 133	62 031 404
Provision for Ex-Gratia Pension Benefits - Refer to Note 4.2	234 420	271 188	234 420	271 188
Long Service Awards - Refer to Note 4.3	8 604 953	7 779 614	8 604 953	7 779 614
Total Non-current Employee Benefit Liabilities	74 727 506	70 082 206	74 727 506	70 082 206
Post Retirement Medical Benefits				
Balance at beginning of year	63 840 320	53 989 710	63 840 320	53 989 710
Contribution for the year	8 060 075	7 232 345	8 060 075	7 232 345
Expenditure for the year	(1 860 567)	(1 900 867)	(1 860 567)	(1 900 867)
Actuarial Loss/(Gain)	(2 313 571)	4 519 132	(2 313 571)	4 519 132
Total post retirement benefits 30 June	67 726 257	63 840 320	67 726 257	63 840 320
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(1 838 124)	(1 808 916)	(1 838 124)	(1 808 916)
Balance at end of year	65 888 133	62 031 404	65 888 133	62 031 404
Ex-Gratia Pensions				
Balance at beginning of year	323 338	458 301	323 338	458 301
Contribution for the year	17 728	32 882	17 728	32 882
Expenditure for the year	(31 428)	(40 638)	(31 428)	(40 638)
Actuarial Loss/(Gain)	(36 316)	(127 207)	(36 316)	(127 207)
Total provision 30 June	273 322	323 338	273 322	323 338
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(38 902)	(52 150)	(38 902)	(52 150)
Balance at end of year	234 420	271 188	234 420	271 188
Long Service Awards				
Balance at beginning of year	8 567 483	7 101 526	8 567 483	7 101 526
Contribution for the year	1 552 934	1 436 470	1 552 934	1 436 470
Expenditure for the year	(466 544)	(513 083)	(466 544)	(513 083)
Actuarial Loss/(Gain)	7 074	542 570	7 074	542 570
Total long service 30 June	9 660 947	8 567 483	9 660 947	8 567 483
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(1 055 994)	(787 869)	(1 055 994)	(787 869)
Balance at end of year	8 604 953	7 779 614	8 604 953	7 779 614
TOTAL NON-CURRENT EMPLOYEE BENEFITS				
Balance at beginning of year	72 731 141	61 549 537	72 731 141	61 549 537
Contribution for the year	9 630 737	8 701 697	9 630 737	8 701 697
Expenditure for the year	(2 358 639)	(2 454 688)	(2 358 639)	(2 454 688)
Actuarial Loss/(Gain)	(2 342 813)	4 934 495	(2 342 813)	4 934 495
Total employee benefits 30 June	77 660 526	72 731 141	77 660 526	72 731 141
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(2 933 020)	(2 648 935)	(2 933 020)	(2 648 935)
Balance at end of year	74 727 506	70 082 206	74 727 506	70 082 206

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	664	638	664	638
Continuation members (e.g. Retirees, widows, orphans)	56	59	56	59
Total Members	720	697	720	697

The liability in respect of past service has been estimated to be as follows:

In-service members	40 578 150	35 606 739	40 578 150	35 606 739
Continuation members	27 148 107	28 233 581	27 148 107	28 233 581
Total Liability	67 726 257	63 840 320	67 726 257	63 840 320

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Members	53 989 710	44 249 234	44 727 097
Total Liability	53 989 710	44 249 234	44 727 097

Experience adjustments were calculated as follows:

	2013	2012	2011	2010	2009
Liabilities: (Gain) / loss	(1 524 000)	1 002 000	962 000	550 000	1 317 000
Assets: Gain / (loss)	-	-	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Hosmed
Key Health.

The Future-service Cost for the ensuing year is estimated to be R3 366 200, whereas the Interest Cost for the next year is estimated to be R5 961 800.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4

EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the future service cost and interest cost

Assumption	Current Service Cost R	Interest Cost R	Total R	% change
Central Assumptions	3 050 600	5 009 500	8 060 100	
The effect of movements in the assumptions are as follows:				
Health care inflation 1%	3 843 300	8 955 800	9 799 100	22%
Health care inflation -1%	2 446 800	4 254 600	6 701 400	-17%
Post-retirement mortality -1 year	3 153 300	5 193 500	8 346 800	4%
Average retirement age -1 year	3 219 800	5 247 000	8 466 800	5%
Withdrawal Rate -50%	3 564 400	5 357 800	8 922 200	11%

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability R	Continuation members liability R	Total liability R	% change
Central Assumptions	40 578 000	27 148 000	67 726 000	
The effect of movements in the assumptions are as follows:				
Health care inflation 1%	50 140 000	30 073 000	80 213 000	18%
Health care inflation -1%	33 144 000	24 605 000	57 749 000	-15%
Post-retirement mortality -1 year	41 970 000	28 222 000	70 192 000	4%
Average retirement age -1 year	42 621 000	27 148 000	69 769 000	3%
Withdrawal Rate -50%	45 304 000	27 148 000	72 452 000	7%

Key actuarial assumptions used:

	2013 %	2012 %	2013 %	2012 %
i) Rate of interest				
Discount rate	8.92%	7.96%	8.92%	7.96%
Health Care Cost Inflation Rate	7.77%	6.89%	7.77%	6.89%
Net Effective Discount Rate	1.07%	1.00%	1.07%	1.00%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

	Economic Entity 2013 R	2012 R	Knysna Municipality 2013 R	2012 R
Present value of fund obligations	67 726 257	63 840 320	67 726 257	63 840 320
Net liability/(asset)	67 726 257	63 840 320	67 726 257	63 840 320

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	63 840 319	53 989 710	63 840 319	53 989 710
Total expenses	6 199 508	5 331 478	6 199 508	5 331 478
Current service cost	3 050 583	2 594 044	3 050 583	2 594 044
Interest Cost	5 009 492	4 638 301	5 009 492	4 638 301
Benefits Paid	(1 860 567)	(1 900 867)	(1 860 567)	(1 900 867)
Actuarial (gains)/losses	(2 313 571)	4 519 132	(2 313 571)	4 519 132
Present value of fund obligation at the end of the year	67 726 256	63 840 319	67 726 256	63 840 319
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(1 838 124)	(1 808 916)	(1 838 124)	(1 808 916)
Balance at end of year	65 888 132	62 031 403	65 888 132	62 031 403

4.2 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia plans are defined benefit plans. As at year end, 6 (2012 = 7) employees were eligible for Ex-Gratia payments.

There is no Future-service Costs as there are no current in-service members eligible for ex-gratia payments, whereas the interest cost for the next year is estimated to be R14 460.

Sensitivity Analysis on the interest cost

Assumption	Change		Liability	% change
Central assumptions			17 728	
Pension increase rate		-1%	18 464	4%
Key actuarial assumptions used:				
	2013	2012	2013	2012
	%	%	%	%
i) Rate of interest				
Discount rate	5.69%	5.96%	5.69%	5.96%
General increase rate	0.00%	0.00%	0.00%	0.00%
Net Effective Discount Rate (increasing pensions)	5.69%	5.96%	5.69%	5.96%
Net Effective Discount Rate (level pensions)	5.69%	5.96%	5.69%	5.96%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4	EMPLOYEE BENEFITS (CONTINUED)	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
	The amounts recognised in the Statement of Financial Position are as follows:				
	Present value of fund obligations	273 322	323 338	273 322	323 338
	Net liability(asset)	273 322	323 338	273 322	323 338
	Reconciliation of present value of fund obligation:				
	Present value of fund obligation at the beginning of the year	323 338	458 301	323 338	458 301
	Total expenses	(13 700)	(7 756)	(13 700)	(7 756)
	Interest Cost	17 728	32 882	17 728	32 882
	Benefits Paid	(31 428)	(40 638)	(31 428)	(40 638)
	Actuarial (gains)/losses	(36 316)	(127 207)	(36 316)	(127 207)
	Present value of fund obligation at the end of the year	273 322	323 338	273 322	323 338
	Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(38 902)	(52 150)	(38 902)	(52 150)
	Balance at end of year	234 420	271 188	234 420	271 188
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:				
	Members		2011 R		2009 R
			458 301		613 868
	Total Liability		458 301		613 868
	Experience adjustments were calculated as follows:				
	Liabilities: (Gain) / loss		20 815		32 404
	Assets: Gain / (loss)		-		-
	Sensitivity Analysis on the Unfunded Accrued Liability				
	Assumption		Change	Liability (R)	% change
	Central assumptions			273 322	
	Pension increase rate		-1%	283 468	4%
4.3	Long Service Awards				
	The Long Service Awards plans are defined benefit plans. As at year end, 684 (2012 = 630) employees were eligible for Long Service Awards.				
	The Current-service Cost for the ensuing year is estimated to be R1 182 909 (2012 = R1 011 432), whereas the Interest Cost for the next year is estimated to be R682 753 (2012 = R541 502).				
	Sensitivity Analysis on the future service cost and interest cost				
	Assumption	Current Service Cost	Interest Cost	Total	% change
	Central Assumptions	1 011 400	541 500	1 552 900	
	The effect of movements in the assumptions are as follows:				
	General salary inflation 1%	1 084 700	587 100	1 671 800	8%
	General salary inflation -1%	947 100	500 900	1 448 000	-7%
	Average retirement age -2 years	935 200	474 400	1 409 600	-9%
	Average retirement age +2 years	1 091 000	611 900	1 702 900	10%
	Withdrawal Rate -50%	1 264 900	664 800	1 929 700	24%
	Key actuarial assumptions used:				
	i) Rate of interest				
	Discount rate	7.47%	6.62%	7.47%	6.62%
	General Salary Inflation (long-term)	6.82%	5.96%	6.82%	5.96%
	Net Effective Discount Rate applied to salary-related Long Service Awards	0.61%	0.62%	0.61%	0.62%
	The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"				
	The amounts recognised in the Statement of Financial Position are as follows:				
	Present value of fund obligations	9 660 947	8 567 483	9 660 947	8 567 483
	Net liability(asset)	9 660 947	8 567 483	9 660 947	8 567 483
	Reconciliation of present value of fund obligation:				
	Present value of fund obligation at the beginning of the year	8 567 483	7 101 526	8 567 483	7 101 526
	Total expenses	1 086 390	923 387	1 086 390	923 387
	Current service cost	1 011 432	904 375	1 011 432	904 375
	Interest Cost	541 502	532 095	541 502	532 095
	Benefits Paid	(466 544)	(613 083)	(466 544)	(613 083)
	Actuarial (gains)/losses	7 074	542 570	7 074	542 570
	Present value of fund obligation at the end of the year	9 660 947	8 567 483	9 660 947	8 567 483
	Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(1 055 994)	(787 869)	(1 055 994)	(787 869)
	Balance at end of year	8 604 953	7 779 614	8 604 953	7 779 614

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4	EMPLOYEE BENEFITS (CONTINUED)				
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:				
		2011 R m	2010 R m	2009 R m	
	Members	7 101 526	5 466 397	3 963 000	
	Total Liability	7 101 526	5 466 397	3 963 000	
	Experience adjustments were calculated as follows:				
	Liabilities: (Gain) / loss	561 670	1 360 635	360 454	
	Assets: Gain / (loss)	-	-	-	
	Sensitivity Analysis on the Unfunded Accrued Liability				
	Assumption	Change	Liability (R)	% change	
	Central assumptions		9 660 947		
	General salary inflation	1%	10 432 000	8%	
	General salary inflation	-1%	8 973 000	-7%	
	Average retirement age	- 2 Yrs	8 464 000	-12%	
	Average retirement age	+ 2 Yrs	10 877 000	13%	
	Withdrawal rates	-50%	11 721 000	21%	
5	NON-CURRENT PROVISIONS				
	Provision for Rehabilitation of Landfill-Sites	3 858 879	3 724 966	3 858 879	3 724 966
	Provision for Clearing of Alien Vegetation	14 104 301	13 369 006	14 104 301	13 369 006
	Total Non-current Provision Liabilities	17 963 180	17 093 972	17 963 180	17 093 972
	<u>Landfill Sites</u>				
	Balance at beginning of year	3 724 966	3 458 716	3 724 966	3 458 716
	Contribution for the year	133 913	266 250	133 913	266 250
	Balance at end of year	3 858 879	3 724 966	3 858 879	3 724 966
	The provision is for the rehabilitation of 6 landfill sites and/or refuse transfer stations and garden waste recycling sites.				
	<u>Clearing of Alien Vegetation</u>				
	Balance at beginning of year	13 369 006	13 281 673	13 369 006	13 281 673
	Contribution for the year	1 513 119	690 695	1 513 119	690 695
	Expenditure for the year	(777 824)	(603 362)	(777 824)	(603 362)
	Balance at end of year	14 104 301	13 369 006	14 104 301	13 369 006
	The provision is for the removal of alien vegetation on the municipality's properties. The removal is an ongoing process and expenditure is incurred on an annual basis according to budgeted provisions.				
	For the 2012 financial year it was expected that the rehabilitation costs of Landfill Sites would be incurred in the ensuing financial year, however the environmental impact processes for full closure of the sites has been delayed and it is expected that the expenditure will now be incurred in 2014/2015 financial year; while there is no definite commitment on expenditure for the clearing of backlog alien vegetation.				
6	CONSUMER DEPOSITS				
	Electricity	5 913 614	5 760 958	5 913 614	5 760 958
	Water	3 744 486	3 527 654	3 744 486	3 527 654
	Total Consumer Deposits	9 658 100	9 288 612	9 658 100	9 288 612
	Guarantees held in lieu of Electricity and Water Deposits	863 809	885 664	863 809	885 664
	The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.				
7	CURRENT EMPLOYEE BENEFITS				
	Current Portion of Post Retirement Benefits - Note 4	1 838 124	1 808 916	1 838 124	1 808 916
	Current Portion of Ex-Gratia Pension Provisions - Note 4	38 902	52 150	38 902	52 150
	Current Portion of Long-Service Provisions - Note 4	1 055 994	787 869	1 055 994	787 869
	Performance Bonuses	614 715	403 550	614 715	403 550
	Annual Bonuses	3 940 801	3 494 550	3 940 801	3 494 550
	Staff Leave	11 195 807	9 534 801	11 195 807	9 534 801
	Pension Fund Investment Return Shortfall	1 978 444	1 978 444	1 978 444	1 978 444
	Workman's Compensation Commissioner	986 855	746 190	986 855	746 190
	Total Current Employee Benefits	21 649 642	18 806 470	21 649 642	18 806 470
	The movement in current employee benefits are reconciled as follows:				
	<u>Performance Bonuses</u>				
	Balance at beginning of year	403 550	580 803	403 550	580 803
	Contribution to current portion	675 236	311 467	675 236	311 467
	Expenditure incurred	(464 071)	(488 720)	(464 071)	(488 720)
	Balance at end of year	614 715	403 550	614 715	403 550
	Performance bonuses are paid to the Municipal Manager and Section 56 Directors after an evaluation of performance by the council. There is no possibility of reimbursement.				

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7

CURRENT EMPLOYEE BENEFITS (CONTINUED)

Annual Bonuses

	Economic Entity		Knysna Municipality	
	2013	2012	2013	2012
	R	R	R	R
Balance at beginning of year	3 494 550	-	3 494 550	-
Correction of error - Adjustment to opening balance - Note 37.04	-	3 233 227	-	3 233 227
Contribution to current portion	3 940 801	-	3 940 801	-
Correction of error - Adjustment to prior year contribution - Note 37.04	-	3 494 550	-	3 494 550
Expenditure incurred	(3 494 550)	-	(3 494 550)	-
Correction of error - Adjustment to prior year expenditure for the year - Note 37.04	-	(3 233 227)	-	(3 233 227)
Balance at end of year	3 940 801	3 494 550	3 940 801	3 494 550

Annual bonuses are paid to all staff during November of each year. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	9 534 801	9 094 143	9 534 801	9 094 143
Contribution to current portion	2 969 208	1 337 463	2 969 208	1 337 463
Expenditure incurred	(1 308 202)	(896 805)	(1 308 202)	(896 805)
Balance at end of year	11 195 807	9 534 801	11 195 807	9 534 801

Staff leave accrues to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or resign. There is no possibility of reimbursement.

Pension Fund Investment Return Shortfall

Balance at beginning of year	1 978 444	1 978 444	1 978 444	1 978 444
Balance at end of year	1 978 444	1 978 444	1 978 444	1 978 444

The Cape Joint Pension Fund's rules determine that the employer must contribute any shortfall if investment revenue does not realise 5%. The fund indicated that the municipality's share of the shortfall must be paid within 1 financial year. This assessment was determined in August 2011 and there is a possibility that additional interest might be levied by the Pension Fund.

Workmen's Compensation Commission

Balance at beginning of year	746 190	2 863 681	746 190	2 863 681
Contribution to current portion	240 665	419 716	240 665	419 716
Expenditure incurred	-	(2 537 207)	-	(2 537 207)
Balance at end of year	986 855	746 190	986 855	746 190

The amount provided for is in respect of the contribution payable to the Commissioner which is based on the estimated expenditure on staff benefits and for which an assessment was not yet issued by the Commissioner.

Task / Backpay Implementation

Balance at beginning of year	-	234 671	-	234 671
Contribution to current portion	-	197 437	-	197 437
Expenditure incurred	-	(432 109)	-	(432 109)
Balance at end of year	-	-	-	-

An agreement was reached on the implementation of a national salary grading structure with backpay to be paid in the 2010/2011 financial year for 9 months of the 2009/2010 financial year. There is no possibility of reimbursement. Refer also to Note 51 for a contingent liability associated with the implementation of the wage curve.

8

PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	36 168 697	31 752 752	36 168 697	31 962 949
Payments received in advance	6 430 477	4 826 724	6 430 477	4 826 724
Retentions	7 424 161	4 227 191	7 424 161	4 227 191
Hoarding fees	3 176 994	2 813 780	3 176 994	2 813 780
Other payables	1 368 039	2 911 390	1 368 039	2 911 390
Deposits: Other	149 398	460 135	149 398	460 135
Total Trade Payables	54 717 766	46 990 972	54 717 766	47 201 169

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

All payables are unsecured.

An arrear portion of R596 941 (2012 = R546 199) redemption for long term liabilities is included in trade payables and originated as a result of the debit order for the payment of the redemption being processed by the bank on 1 July due to 30 June falling on a weekend.

Other deposits include Mail and Tender Deposits.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants

National Government Grants
Provincial Government Grants
Other Sources

Less: Unpaid Grants

National Government Grants
Provincial Government Grants

Total Conditional Grants and Receipts

Economic Entity		Knysna Municipality	
2013	2012	2013	2012
R	R	R	R
1 262 071	2 137 004	1 262 071	2 137 004
314 761	314 761	314 761	314 761
581 265	1 231 225	581 265	1 231 225
366 045	591 018	366 045	591 018
6 275 079	1 870 171	6 275 079	1 870 171
842 001	1 025 708	842 001	1 025 708
5 433 078	844 463	5 433 078	844 463
(5 013 008)	266 833	(5 013 008)	266 833

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

The unspent national grant is from the Masibambane Grant that was disbursed by the Department of Water Affairs between 2007 and 2010. The grant will be utilised in the 2013/2014 financial year. In terms of the Division of Revenue Act no unspent National Grants have to be repaid by the Municipality to the National Fiscus for the year ended 30 June 2013.

See also appendix "B" for a reconciliation of grants from other sources. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

10 TAXES

VAT Payable

Less: Contribution to Provision for impairment of trade receivables from exchange transactions

VAT Receivable

Net Vat

2013	2012	2013	2012
R	R	R	R
(5 442 303)	(7 873 135)	(5 442 303)	(7 873 135)
2 434 459	5 388 699	2 434 459	5 388 699
(3 007 844)	(2 484 436)	(3 007 844)	(2 484 436)
6 229 389	4 037 862	6 229 389	4 037 862
3 221 545	1 553 426	3 221 545	1 553 426

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT

Economic Entity

30 JUNE 2013

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost									Accumulated Depreciation						Carrying Value
	B/F		Work-in-			Loss on Fair Value		Gain on Fair Value		Opening Balance	B/F Adjustments	Additions	Disposals	Transfer to cost	Closing Balance	
	Opening Balance	Adjustments	Additions	Progress	Disposals	Transfer	Revaluations	Revaluation	Closing Balance							
	R		R	R	R	R			R	R		R	R	R	R	
Land and Buildings	166 249 898	-	645 624	2 083 344	-	(376 516)	-	-	168 602 350	-	-	376 516	-	(376 516)	-	168 602 350
Buildings	33 857 526	-	631 907	1 500 446	-	(376 516)	-	-	35 613 363	-	-	376 516	-	(376 516)	-	35 613 363
Land	132 392 372	-	13 717	582 898	-	-	-	-	132 988 987	-	-	-	-	-	-	132 988 987
Infrastructure	594 116 686	-	22 996 729	41 980 114	-	-	-	-	659 093 530	157 423 169	-	15 506 884	-	-	172 930 053	486 163 477
Sewerage	82 948 753	-	12 407 788	8 518 978	-	-	-	-	103 875 518	19 951 193	-	2 478 776	-	-	22 429 969	81 445 549
Electricity	152 472 510	-	8 073 890	5 787 547	-	-	-	-	166 333 947	34 684 934	-	3 217 050	-	-	37 901 984	128 431 963
Water	212 169 494	-	793 915	25 477 948	-	-	-	-	238 441 357	42 124 857	-	4 669 029	-	-	46 793 886	191 647 471
Road	145 288 554	-	1 533 387	2 195 641	-	-	-	-	149 017 582	60 382 916	-	4 906 390	-	-	65 269 306	83 748 276
Security Measures	1 237 376	-	187 750	-	-	-	-	-	1 425 126	299 268	-	235 640	-	-	534 908	890 218
Community Assets	35 486 354	-	1 252 071	336 908	-	(364 725)	-	-	36 710 608	1 466 180	-	364 725	-	(364 725)	1 830 904	34 879 704
Lease Assets	6 771 098	-	157 144	-	(2 528 493)	-	-	-	4 399 748	4 284 601	-	1 142 696	(1 673 816)	-	3 753 480	646 268
Office Equipment	6 771 098	-	157 144	-	(2 528 493)	-	-	-	4 399 748	4 284 601	-	1 142 696	(1 673 816)	-	3 753 480	646 268
Other Assets	68 132 389	-	5 159 502	-	(2 457 805)	-	-	-	70 834 086	22 455 913	-	3 959 814	(1 216 150)	-	25 199 578	45 634 508
Bins & Containers	1 059 248	-	126 000	-	-	-	-	-	1 185 248	346 566	-	62 954	-	-	409 520	775 728
Bulk Containers	1 059 248	-	126 000	-	-	-	-	-	1 185 248	346 566	-	62 954	-	-	409 520	775 728
Other Assets	14 706 805	-	385 187	-	(500 870)	-	-	-	14 591 122	6 420 208	-	1 075 925	(316 321)	-	7 179 811	7 411 310
Tip Sites	941 490	-	-	-	-	-	-	-	941 490	102 099	-	7 952	-	-	110 051	831 439
In & Outdoor Sport Facilities	72 418	-	15 525	-	-	-	-	-	87 943	22 674	-	-	-	-	22 674	65 269
Other Plant & Equipment	12 627 316	-	301 213	-	(456 630)	-	-	-	12 471 898	5 851 678	-	969 345	(282 474)	-	6 538 549	5 933 349
Laboratory Equipment	338 879	-	38 655	-	(1 750)	-	-	-	375 783	67 451	-	23 122	(476)	-	90 097	285 687
Equipment Fire	183 308	-	6 134	-	-	-	-	-	189 442	59 014	-	18 067	-	-	77 080	112 361
Lawnmowers	163 967	-	-	-	-	-	-	-	163 967	81 321	-	19 393	(6 053)	-	94 660	69 307
Radio Equipment	379 427	-	23 660	-	(42 490)	-	-	-	360 598	235 970	-	38 048	(27 318)	-	246 700	113 898
Office Equipment	15 691 139	-	855 251	-	(1 498 184)	-	-	-	15 048 207	6 284 438	-	1 270 924	(615 536)	-	6 939 826	8 108 381
Air Conditioners	1 081 823	-	-	-	-	-	-	-	1 081 823	255 257	-	54 029	-	-	309 286	772 537
Computer Hardware	8 664 122	-	527 058	-	(868 450)	-	-	-	8 322 730	3 668 901	-	854 352	(468 988)	-	4 054 265	4 268 466
Office Machines	1 001 139	-	91 934	-	(99 563)	-	-	-	993 510	385 672	-	90 202	(29 896)	-	445 978	547 532
Cabinets & Cupboards	4 801 046	-	236 259	-	(530 171)	-	-	-	4 507 134	1 935 614	-	272 341	(116 652)	-	2 091 304	2 415 830
Other Furniture	143 010	-	-	-	-	-	-	-	143 010	38 994	-	-	-	-	38 994	104 016
Vehicles	36 675 196	-	3 793 064	-	(458 752)	-	-	-	40 009 509	9 404 701	-	1 550 011	(284 293)	-	10 670 420	29 339 089
Motor Vehicles	1 354 786	-	-	-	-	-	-	-	1 354 786	632 061	-	-	-	-	632 061	722 725
Trucks & LDVs	25 740 198	-	3 778 565	-	(430 738)	-	-	-	29 088 025	6 715 898	-	1 278 235	-	-	7 994 134	21 093 892
Motor Cycles	441 868	-	14 499	-	-	-	-	-	456 367	123 025	-	31 585	-	-	154 610	301 757
Motor Cars	3 857 658	-	-	-	-	-	-	-	3 857 658	788 155	-	109 191	(273 175)	-	624 171	3 233 487
Tractors	1 783 491	-	-	-	-	-	-	-	1 783 491	448 818	-	47 112	-	-	495 930	1 287 561
Trailers	1 683 998	-	-	-	(28 014)	-	-	-	1 655 984	464 740	-	42 098	(11 118)	-	495 720	1 160 264
Graders	1 813 198	-	-	-	-	-	-	-	1 813 198	232 004	-	41 791	-	-	273 795	1 539 403
	870 756 425	-	30 211 071	44 400 366	(4 986 299)	(741 241)	-	-	939 640 322	185 629 862	-	21 350 635	(2 889 966)	(741 241)	203 714 015	735 926 307

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT

Knysna Municipality

30 JUNE 2013

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost									Accumulated Depreciation						Carrying Value
	B/F		Work-in-			Loss on Fair		Gain on Fair		Opening Balance	B/F	Additions	Disposals	Transfer to cost	Closing Balance	
	Opening Balance	Adjustments	Additions	Progress	Disposals	Transfer	Revaluations	Revaluation	Closing Balance							
	R		R	R	R	R			R	R		R	R	R	R	
Land and Buildings	166 249 898	-	645 624	2 083 344	-	(376 516)	-	-	168 602 350	-	-	376 516	-	(376 516)	-	168 602 350
Buildings	33 857 526	-	631 907	1 500 446	-	(376 516)	-	-	35 613 363	-	-	376 516	-	(376 516)	-	35 613 363
Land	132 392 372	-	13 717	582 898	-	-	-	-	132 988 987	-	-	-	-	-	-	132 988 987
Infrastructure	594 116 686	-	22 996 729	41 980 114	-	-	-	-	659 093 530	157 423 169	-	15 506 884	-	-	172 930 053	486 163 477
Sewerage	82 948 753	-	12 407 788	8 518 978	-	-	-	-	103 875 518	19 951 193	-	2 478 776	-	-	22 429 969	81 445 549
Electricity	152 472 510	-	8 073 890	5 787 547	-	-	-	-	166 333 947	34 684 934	-	3 217 050	-	-	37 901 984	128 431 963
Water	212 169 494	-	793 915	25 477 948	-	-	-	-	238 441 357	42 124 857	-	4 669 029	-	-	46 793 886	191 647 471
Road	145 288 554	-	1 533 387	2 195 641	-	-	-	-	149 017 582	60 362 916	-	4 906 390	-	-	65 269 306	83 748 276
Security Measures	1 237 376	-	187 750	-	-	-	-	-	1 425 126	299 268	-	235 640	-	-	534 908	890 218
Community Assets	35 486 354	-	1 252 071	336 908	-	(364 725)	-	-	36 710 608	1 466 180	-	364 725	-	(364 725)	1 466 180	35 244 429
Lease Assets	6 771 098	-	157 144	-	(2 528 493)	-	-	-	4 399 748	4 284 601	-	1 142 696	(1 673 816)	-	3 753 480	646 268
Office Equipment	6 771 098	-	157 144	-	(2 528 493)	-	-	-	4 399 748	4 284 601	-	1 142 696	(1 673 816)	-	3 753 480	646 268
Other Assets	68 065 204	-	5 159 502	-	(2 390 620)	-	-	-	70 834 086	22 440 904	-	3 954 295	(1 195 622)	-	25 199 578	45 634 508
Bins & Containers	1 059 248	-	126 000	-	-	-	-	-	1 185 248	346 566	-	62 954	-	-	409 520	775 728
Bulk Containers	1 059 248	-	126 000	-	-	-	-	-	1 185 248	346 566	-	62 954	-	-	409 520	775 728
Other Assets	14 706 805	-	385 187	-	(500 870)	-	-	-	14 591 122	6 420 208	-	1 075 925	(316 321)	-	7 179 811	7 411 310
Tip Sites	941 490	-	-	-	-	-	-	-	941 490	102 099	-	7 952	-	-	110 051	831 439
In & Outdoor Sport Facilities	72 418	-	15 525	-	-	-	-	-	87 943	22 674	-	-	-	-	22 674	65 269
Other Plant & Equipment	12 627 316	-	301 213	-	(456 630)	-	-	-	12 471 898	5 651 678	-	969 345	(282 474)	-	6 538 549	5 933 349
Laboratory Equipment	338 879	-	38 655	-	(1 750)	-	-	-	375 783	67 451	-	23 122	(476)	-	90 097	285 687
Equipment Fire	183 308	-	6 134	-	-	-	-	-	189 442	59 014	-	18 067	-	-	77 080	112 361
Lawnmowers	163 967	-	-	-	-	-	-	-	163 967	81 321	-	19 393	(6 053)	-	94 660	69 307
Radio Equipment	379 427	-	23 660	-	(42 490)	-	-	-	360 598	235 970	-	38 048	(27 318)	-	246 700	113 898
Office Equipment	15 623 954	-	855 251	-	(1 430 999)	-	-	-	15 048 207	6 269 429	-	1 265 405	(595 008)	-	6 939 826	8 108 381
Air Conditioners	1 081 823	-	-	-	-	-	-	-	1 081 823	255 257	-	54 029	-	-	309 286	772 537
Computer Hardware	8 651 726	-	527 058	-	(856 054)	-	-	-	8 322 730	3 664 177	-	852 005	(461 917)	-	4 054 265	4 268 466
Office Machines	1 001 139	-	91 934	-	(99 563)	-	-	-	993 510	385 672	-	90 202	(29 896)	-	445 678	547 532
Cabinets & Cupboards	4 746 257	-	236 259	-	(475 382)	-	-	-	4 507 134	1 925 329	-	269 169	(103 195)	-	2 091 304	2 415 830
Other Furniture	143 010	-	-	-	-	-	-	-	143 010	38 994	-	-	-	-	38 994	104 016
Vehicles	36 675 196	-	3 793 064	-	(458 752)	-	-	-	40 009 509	9 404 701	-	1 550 811	(284 293)	-	10 670 420	29 339 089
Motor Vehicles	1 354 786	-	-	-	-	-	-	-	1 354 786	632 061	-	-	-	-	632 061	722 725
Trucks & LDVs	25 740 198	-	3 778 565	-	(430 738)	-	-	-	29 088 025	6 715 898	-	1 278 235	-	-	7 994 134	21 093 892
Motor Cycles	441 868	-	14 499	-	-	-	-	-	456 367	123 025	-	31 565	-	-	154 610	301 757
Motor Cars	3 857 658	-	-	-	-	-	-	-	3 857 658	788 155	-	109 191	(273 175)	-	624 171	3 233 487
Tractors	1 783 491	-	-	-	-	-	-	-	1 783 491	448 818	-	47 112	-	-	495 930	1 287 561
Trailers	1 683 998	-	-	-	(28 014)	-	-	-	1 655 984	464 740	-	42 098	(11 118)	-	495 720	1 160 264
Graders	1 813 198	-	-	-	-	-	-	-	1 813 198	232 004	-	41 791	-	-	273 795	1 539 403
	870 689 240	-	30 211 071	44 400 366	(4 919 114)	(741 241)	-	-	939 640 322	185 614 833	-	21 345 116	(2 869 438)	(741 241)	203 349 290	736 291 032

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT

Economic Entity

30 JUNE 2012

Reconciliation of Carrying Value

(Restated - See Note)

Reconciliation of Carrying Value (Restated - See Note)		Cost										Accumulated Depreciation						Carrying Value	
		Restated		Work-in-		Loss on Fair		Gain on Fair		Restated		Depreciation		Closing					
		B/F	Opening	Progress	Disposals	Transfer	Revaluations	Revaluation	Closing Balance	Opening	B/F	Opening	Charge	Disposals	Transfer	Balance			
		Opening Balance	Adjustments	Balance	Additions						Balance	Adjustments	Balance	Change					
		R			R	R	R	R		R	R			R	R	R	R		
Land and Buildings		252 934 372	(6 159 400)	246 774 972	3 495 206	215 399	-	(268 019)	(117 298 903)	33 331 243	166 249 898	-	-	240 519	-	(240 519)	-	166 249 898	
Buildings		22 931 372	-	22 931 372	3 083 206	163 437	-	(268 019)	(564 813)	8 512 343	33 857 526	-	-	240 519	-	(240 519)	-	33 857 526	
Land		230 003 000	(6 159 400)	223 843 600	412 000	51 962	-	-	(116 734 090)	24 818 900	132 392 372	-	-	-	-	-	-	132 392 372	
Infrastructure		544 023 424	(1 142 617)	542 880 807	27 420 766	23 821 523	(6 409)	-	-	-	594 116 686	142 964 660	(210 523)	142 754 136	14 670 805	-1 773	157 423 169	436 693 518	
Sewerage		70 056 590	(21 600)	70 034 990	296 693	12 617 070	-	-	-	-	82 948 753	17 584 048	-	17 584 048	2 367 145	-	-	19 951 193	62 997 560
Electricity		133 831 408	(1 507 483)	132 323 925	11 097 751	9 057 244	(6 409)	-	-	-	152 472 510	31 817 163	(203 909)	31 613 254	3 073 453	(1 773)	-	34 684 634	117 787 576
Water		206 349 321	532 108	206 881 429	3 470 757	1 817 308	-	-	-	-	212 169 484	37 622 350	(6 615)	37 615 735	4 509 123	-	-	42 124 857	170 044 637
Road		132 548 729	(145 642)	132 403 087	12 555 566	329 902	-	-	-	-	145 288 554	55 717 389	-	55 717 389	4 645 527	-	-	60 362 916	84 925 638
Security Measures		1 237 376	-	1 237 376	-	-	-	-	-	-	1 237 376	223 711	-	223 711	75 567	-	-	299 268	938 108
Community Assets		24 703 075	(2 354 118)	22 348 956	264 963	84 239	-	(130 115)	(332 948)	13 251 259	35 486 354	1 370 249	-	1 370 249	249 547	-	(153 616)	1 466 180	34 020 174
Lease Assets		8 295 245	-	8 295 245	9 088	-	(1 533 235)	-	-	-	6 771 098	4 024 979	-	4 024 979	1 792 853	(1 533 231)	-	4 284 601	2 486 497
Office Equipment		8 295 245	-	8 295 245	9 088	-	(1 533 235)	-	-	-	6 771 098	4 024 979	-	4 024 979	1 792 853	(1 533 231)	-	4 284 601	2 486 497
Heritage Assets		1 714 596	(1 714 596)	-	-	-	-	871 000	(871 000)	-	-	3 096	(3 096)	-	1 548	-	(1 548)	-	-
Other Assets		61 240 980	1 374 520	62 615 499	6 681 868	27 500	(1 219 962)	27 484			68 132 389	18 689 953	787 027	19 476 979	3 781 648	(802 714)	-	24 061 342	45 676 476
Bins & Containers		949 248	-	949 248	110 000	-	-	-	-	-	1 059 248	237 329	-	237 329	109 237	-	-	346 566	712 682
Bulk Containers		949 248	-	949 248	110 000	-	-	-	-	-	1 059 248	237 329	-	237 329	109 237	-	-	346 566	712 682
Other Assets		13 301 363	431 858	13 733 222	1 227 726	27 500	(309 142)	27 500	-	-	14 706 805	5 306 453	284 199	5 590 652	1 007 101	(177 545)	-	6 420 208	8 286 598
Tip Sites		941 490	-	941 490	-	-	-	-	-	-	941 490	94 144	-	94 144	7 955	-	-	102 089	839 391
In & Outdoor Sport Facilities		72 418	-	72 418	-	-	-	-	-	-	72 418	19 046	-	19 046	3 628	-	-	22 674	49 744
Other Plant & Equipment		11 349 364	333 315	11 682 680	1 184 299	27 500	(294 663)	27 500	-	-	12 627 316	4 884 827	238 125	5 122 952	893 185	(164 459)	-	5 851 678	6 775 638
Laboratory Equipment		283 301	55 578	338 879	-	-	-	-	-	-	338 879	30 115	14 821	44 936	22 515	-	-	67 451	271 428
Equipment Fire		150 894	8 187	159 081	24 227	-	-	-	-	-	183 308	38 092	3 275	41 367	17 647	-	-	59 014	124 294
Lawnmowers		163 967	-	163 967	-	-	-	-	-	-	163 967	63 262	-	63 262	18 059	-	-	81 321	82 646
Radio Equipment		339 929	34 778	374 707	19 200	-	(14 480)	-	-	-	379 427	176 967	27 978	204 945	44 111	(13 066)	-	235 970	143 457
Office Equipment		13 330 048	940 142	14 270 191	2 068 552	-	(647 604)	-	-	-	15 691 139	5 071 356	502 148	5 573 504	1 168 915	(457 981)	-	6 269 429	9 406 701
Air Conditioners		1 065 983	-	1 065 983	15 840	-	-	-	-	-	1 081 823	201 634	-	201 634	53 623	-	-	255 257	826 566
Computer Hardware		7 170 179	314 629	7 484 808	1 636 231	-	(456 917)	-	-	-	8 664 122	3 058 154	181 050	3 239 204	764 311	(334 614)	-	3 668 901	4 995 221
Office Machines		777 674	100 070	877 744	166 602	-	(43 207)	-	-	-	1 001 139	283 075	41 254	324 328	93 578	(32 235)	-	385 672	615 467
Cabinets & Cupboards		4 173 202	525 444	4 698 646	249 879	-	(147 480)	-	-	-	4 801 046	1 489 499	279 844	1 769 343	257 403	(91 132)	-	1 935 614	2 865 431
Other Furniture		143 010	-	143 010	-	-	-	-	-	-	143 010	38 994	-	38 994	-	-	-	38 994	104 016
Vehicles		33 660 320	2 519	33 662 838	3 275 590	-	(263 216)	(16)	-	-	36 675 196	8 074 815	680	8 075 495	1 496 395	(167 189)	-	9 404 701	27 270 495
Motor Vehicles		1 081 803	-	1 081 803	272 983	-	-	-	-	-	1 354 786	520 721	-	520 721	111 340	-	-	632 061	722 725
Trucks & LDVs		23 975 202	2 466	23 977 668	1 978 982	-	(216 452)	-	-	-	25 740 198	5 722 080	658	5 722 717	1 129 863	(136 682)	-	6 715 698	19 024 299
Motor Cycles		350 896	-	350 896	137 736	-	(46 764)	-	-	-	441 868	123 877	-	123 877	29 655	(30 507)	-	123 025	318 843
Motor Cars		3 293 702	54	3 293 756	563 902	-	-	-	-	-	3 857 658	679 337	22	679 359	108 796	-	-	788 155	3 069 503
Tractors		1 783 491	-	1 783 491	-	-	-	-	-	-	1 783 491	401 666	-	401 666	47 152	-	-	448 818	1 334 673
Trailers		1 658 011	-	1 658 011	25 987	-	-	-	-	-	1 683 998	423 276	-	423 276	41 464	-	-	464 740	1 219 258
Graders		1 517 214	-	1 517 214	296 000	-	-	(16)	-	-	1 813 198	203 879	-	203 879	28 125	-	-	232 004	1 581 194
		892 911 691	(9 996 212)	882 915 479	37 871 891	24 148 661	(2 759 606)	590 350	(118 502 851)	46 582 502	870 756 425	167 052 937	573 407	167 626 343	20 736 921	(2 337 718)	(395 684)	187 235 291	685 126 562

Disclosed as: Continued operations
Discontinued operations - Note 36

685 074 386
52 176
685 126 562

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT
Knysna Municipality

30 JUNE 2012

Reconciliation of Carrying Value

(Restated - See Note 37.05)

Reconciliation of Carrying Value (Restated - See Note 37.05)	Cost										Accumulated Depreciation						Carrying Value
	Restated Opening		Work-in- Progress		Loss on Fair Value		Gain on Fair Value		Closing Balance	Restated Opening		Depreciation Charge	Disposals	Transfer	Closing Balance		
	Opening Balance	B/F Adjustments	Balance	Additions	Disposals	Transfer	Revaluations	Revaluation		Balance	Adjustments					Balance	
	R		R	R	R	R			R		R		R	R	R	R	R
Land and Buildings	252 934 372	(6 159 400)	246 774 972	3 495 206	215 399	-	(268 019)	(117 298 903)	33 331 243	166 249 898	-	-	240 519	-	(240 519)	-	166 249 898
Buildings	22 931 372	-	22 931 372	3 083 206	163 437	-	(268 019)	(564 813)	8 512 343	33 857 526	-	-	240 519	-	(240 519)	-	33 857 526
Land	230 003 000	(6 159 400)	223 843 600	412 000	51 962	-	-	(116 734 090)	24 818 900	132 392 372	-	-	-	-	-	-	132 392 372
Infrastructure	544 023 424	(1 142 617)	542 880 807	27 420 766	23 821 523	(6 409)	-	-	-	594 116 686	142 964 680	(210 523)	142 754 136	14 670 805	(1 773)	157 423 169	436 693 518
Sewerage	70 056 590	(21 600)	70 034 990	296 693	12 617 070	-	-	-	-	82 948 753	17 584 048	-	17 584 048	2 367 145	-	-	62 997 560
Electricity	133 831 408	(1 507 483)	132 323 925	11 097 751	9 057 244	(6 409)	-	-	-	152 472 510	31 817 163	(203 909)	31 613 254	3 073 453	(1 773)	-	117 787 576
Water	206 349 321	532 108	206 881 429	3 470 757	1 817 308	-	-	-	-	212 169 494	37 622 350	(6 615)	37 615 735	4 509 123	-	-	170 044 637
Road	132 548 729	(145 642)	132 403 087	12 555 566	329 902	-	-	-	-	145 288 554	55 717 389	-	55 717 389	4 645 527	-	-	84 925 638
Security Measures	1 237 376	-	1 237 376	-	-	-	-	-	-	1 237 376	223 711	-	223 711	75 567	-	-	938 108
Community Assets	24 703 075	(2 354 118)	22 348 956	264 963	84 239	-	(130 115)	(332 948)	13 251 259	35 486 354	1 370 249	-	1 370 249	249 547	-	(153 616)	34 020 174
Lease Assets	8 295 245	-	8 295 245	9 088	-	(1 533 235)	-	-	-	6 771 098	4 024 979	-	4 024 979	1 792 853	(1 533 231)	4 284 601	2 486 497
Office Equipment	8 295 245	-	8 295 245	9 088	-	(1 533 235)	-	-	-	6 771 098	4 024 979	-	4 024 979	1 792 853	(1 533 231)	-	2 486 497
Heritage Assets	1 714 596	(1 714 596)	-	-	-	-	871 000	(871 000)	-	-	3 096	(3 096)	-	1 548	-	(1 548)	-
Other Assets	61 173 795	1 374 520	62 548 314	6 681 868	27 500	(1 219 962)	27 484	-	-	68 065 204	18 684 630	787 027	19 471 656	3 771 962	(802 714)	-	45 624 300
Bins & Containers	949 248	-	949 248	110 000	-	-	-	-	-	1 059 248	237 329	-	237 329	109 237	-	-	712 682
Bulk Containers	949 248	-	949 248	110 000	-	-	-	-	-	1 059 248	237 329	-	237 329	109 237	-	-	712 682
Other Assets	13 301 363	431 858	13 733 222	1 227 726	27 500	(309 142)	27 500	-	-	14 706 805	5 306 453	284 199	5 590 652	1 007 101	(177 545)	-	8 286 598
Tip Sites	941 490	-	941 490	-	-	-	-	-	-	941 490	94 144	-	94 144	7 955	-	-	839 391
In & Outdoor Sport Facilities	72 418	-	72 418	-	-	-	-	-	-	72 418	19 046	-	19 046	3 628	-	-	49 744
Other Plant & Equipment	11 349 364	333 315	11 682 680	1 184 299	27 500	(294 663)	27 500	-	-	12 627 316	4 884 827	238 125	5 122 952	893 185	(164 459)	-	6 775 638
Laboratory Equipment	283 301	55 578	338 879	-	-	-	-	-	-	338 879	30 115	14 821	44 936	22 515	-	-	271 428
Equipment Fire	150 894	8 187	159 081	24 227	-	-	-	-	-	183 308	38 092	3 275	41 367	17 647	-	-	124 294
Lawnmowers	163 967	-	163 967	-	-	-	-	-	-	163 967	63 262	-	63 262	18 059	-	-	82 646
Radio Equipment	339 929	34 778	374 707	19 200	-	(14 480)	-	-	-	379 427	176 967	27 978	204 945	44 111	(13 086)	-	143 457
Office Equipment	13 262 863	940 142	14 203 006	2 068 552	-	(647 604)	-	-	-	15 623 954	5 066 033	502 148	5 568 181	1 159 229	(457 981)	-	9 354 525
Air Conditioners	1 065 983	-	1 065 983	15 840	-	-	-	-	-	1 081 823	201 634	-	201 634	53 623	-	-	826 566
Computer Hardware	7 157 783	314 629	7 472 412	1 636 231	-	(456 917)	-	-	-	8 651 726	3 057 566	181 050	3 238 616	760 175	(334 614)	-	4 987 549
Office Machines	777 674	100 070	877 744	166 602	-	(43 207)	-	-	-	1 001 139	283 075	41 254	324 328	93 578	(32 235)	-	615 467
Cabinets & Cupboards	4 118 413	525 444	4 643 857	249 879	-	(147 480)	-	-	-	4 746 257	1 484 764	279 844	1 764 608	251 853	(91 132)	-	2 820 927
Other Furniture	143 010	-	143 010	-	-	-	-	-	-	143 010	38 994	-	38 994	-	-	-	104 016
Vehicles	33 660 320	2 519	33 662 838	3 275 590	-	(263 216)	(16)	-	-	36 675 196	8 074 815	680	8 075 495	1 496 395	(167 189)	-	27 270 495
Motor Vehicles	1 081 803	-	1 081 803	272 983	-	-	-	-	-	1 354 786	520 721	-	520 721	111 340	-	-	722 725
Trucks & LDVs	23 975 202	2 466	23 977 668	1 978 982	-	(216 452)	-	-	-	25 740 198	5 722 080	658	5 722 717	1 129 863	(136 682)	-	19 024 299
Motor Cycles	350 896	-	350 896	137 736	-	(46 764)	-	-	-	441 868	123 877	-	123 877	29 655	(30 507)	-	318 843
Motor Cars	3 293 702	54	3 293 756	563 902	-	-	-	-	-	3 857 658	679 337	22	679 359	108 796	-	-	3 069 503
Tractors	1 783 491	-	1 783 491	-	-	-	-	-	-	1 783 491	401 666	-	401 666	47 152	-	-	1 334 673
Trailers	1 658 011	-	1 658 011	25 987	-	-	-	-	-	1 683 998	423 276	-	423 276	41 464	-	-	1 219 258
Graders	1 517 214	-	1 517 214	296 000	-	-	(16)	-	-	1 813 198	203 879	-	203 879	28 125	-	-	1 581 194
	892 844 506	(9 996 212)	882 848 294	37 871 891	24 148 661	(2 759 606)	590 350	(118 502 851)	46 582 502	870 689 240	167 047 614	573 407	167 621 020	20 727 235	(2 337 718)	(395 684)	685 074 386

KNYSNA MUNICIPALITY

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	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
11				
PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
Carrying value of assets retired from active use and held for disposal:	-	-	-	-
Carrying value of property plant and equipment in the course of construction:	53 524 953	48 557 807	53 524 953	48 557 807
Carrying value of temporarily idle property plant and equipment:	-	-	-	-
Assets pledged as security:	1 392 898	1 392 898	1 392 898	1 392 898
Third party payments received for losses incurred:	-	-	-	-
Payments received (Excluding VAT)	946 735	1 140 545	946 735	1 140 545
Details of property plant and equipment carried at fair value				
The valuations were performed by DDP Valuers and the valuer was Ms E Roos, a Professional Valuer with registration number 5000/5. The valuation date was 30 June 2012. For the purposes of the 2012/2013 financial year a high-level comparative analysis was performed by DDP Valuers, as well as a second opinion obtained from Rode and Associates Property Consultants, which are also Professional Valuers, in order to determine the extent of any market changes.				
Properties were valued on the comparative sales method of valuation, based on the active market values in the area.				
The method used for determining the open market value of the improvements is the accrued depreciation method of valuation. Accrued depreciation is a loss in value from the replacement cost of improvements due to physical deterioration, functional obsolescence and external obsolescence. After identifying and measuring the separate elements of the accrued depreciation, the value of the applicable type of depreciation are deducted from the replacement cost of the improvements.				
Reconciliation of revaluation surplus:				
Opening balance	47 894 557	-	47 894 557	-
Movement for the period	(226 339)	47 894 557	(226 339)	47 894 557
Closing balance	47 668 218	47 894 557	47 668 218	47 894 557
12				
INVESTMENT PROPERTY				
Net Carrying amount at 1 July	130 648 500	190 598 500	130 648 500	190 598 500
Balance previously reported - at Fair Value	130 648 500	198 067 000	130 648 500	198 067 000
Change in Accounting Policy - Note 37.06	-	(17 059 000)	-	(17 059 000)
Correction of error - Note 37.06	-	9 590 500	-	9 590 500
Acquisitions	-	50 000	-	50 000
Disposals	(4 000)	-	(4 000)	-
Fair value adjustments	-	25 892 000	-	25 892 000
Balance previously reported - Fair value adjustments	-	27 353 000	-	27 353 000
Change in Accounting Policy - Note 37.06	-	(1 461 000)	-	(1 461 000)
Reversal of Impairment / (Impairment)	-	(85 892 000)	-	(85 892 000)
Balance previously reported - Impairments	-	(90 472 000)	-	(90 472 000)
Change in Accounting Policy - Note 37.06	-	4 580 000	-	4 580 000
Net Carrying amount at 30 June	130 644 500	130 648 500	130 644 500	130 648 500
Fair Value	130 644 500	130 648 500	130 644 500	130 648 500
Revenue derived from the rental of investment property	1 857 345	1 694 729	1 857 345	1 694 729
The ownership of Erf 216 Brenton with a fair value of R10 600 000 is the subject of a legal dispute and according to a legal opinion obtained by the Municipality, ownership of this property vests with the Municipality. There are no other restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.				
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements. Repairs and maintenance on investment properties amounted to R80 198 (2012 = R200 047) for the year.				
The Fair Value of Investment properties was determined by a qualified valuer based on current market prices (Refer to note 11 for details of the valuer, valuation dates and methods and assumptions used). The current negative economic climate and resultant decline in property prices is the main reason for the comparative year's impairments.				

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13	INTANGIBLE ASSETS	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
	Computer Software				
	Net Carrying amount at 1 July	669 145	817 947	669 145	817 947
	Cost - Previously reported	1 896 573	1 896 573	1 896 573	1 896 573
	Accumulated Amortisation - Previously reported	(1 227 428)	(1 078 626)	(1 227 428)	(1 078 626)
	Acquisitions	522 287	-	522 287	-
	Amortisation	(199 018)	(148 802)	(199 018)	(148 802)
	Net Carrying amount at 30 June	992 414	669 145	992 414	669 145
	Cost	2 418 860	1 896 573	2 418 860	1 896 573
	Accumulated Amortisation	(1 426 446)	(1 227 428)	(1 426 446)	(1 227 428)
	<u>Description</u>	<u>Remaining Amortisation</u>		<u>Period</u>	
	Computer software	6 Years			
	No intangible assets were assessed having an indefinite useful life.				
	There are no intangible assets whose title is restricted.				
	There are no intangible assets pledged as security for liabilities				
	There are no contractual commitments for the acquisition of intangible assets.				
		992 414	669 145	992 414	669 145
14	HERITAGE ASSETS				
	Net Carrying amount at 1 July	22 741 493	22 741 493	22 741 493	22 741 493
	Balance previously reported	22 741 493	-	22 741 493	-
	Change in Accounting Policy - Note 37.03	-	22 741 493	-	22 741 493
	Net Carrying amount at 30 June	22 741 493	22 741 493	22 741 493	22 741 493
	Cost	22 741 493	22 741 493	22 741 493	22 741 493
	Heritage Assets consist of the following:				
	Buildings	5 008 497	5 008 497	5 008 497	5 008 497
	Land	17 403 200	17 403 200	17 403 200	17 403 200
	Other assets	251 930	251 930	251 930	251 930
	Plant and Equipment	77 866	77 866	77 866	77 866
	Total	22 741 493	22 741 493	22 741 493	22 741 493
	Heritage assets consist mainly of land, historical buildings and monuments older than 50 years.				
	There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.				
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.				
	There are no Heritage Assets pledged as security for liabilities				
	Refer to Note 11 for details of the date, assumptions and methods of revaluation as well as the details of the valuator.				
15	NON-CURRENT INVESTMENTS	2013 R	2012 R	2013 R	2012 R
	Unlisted	19 025 017	16 880 785	19 025 017	19 152 531
	Investment in Entity - Knysna Economic Development Agency	-	-	-	2 271 746
	Other Fixed Deposits - at amortised cost	19 025 017	16 880 785	19 025 017	16 880 785
	Less: Provision for impairment - Knysna Economic Development Agency	-	-	-	(1 767 878)
	Total Non-Current Investments	19 025 017	16 880 785	19 025 017	17 384 653
	Reconciliation of Provision for impairment - Knysna Economic Development Agency				
	Balance at beginning of year	-	-	1 767 878	1 257 818
	Impairment	-	-	(1 767 878)	-
	Contribution/(Reduction) to provision	-	-	-	510 060
	Balance at end of year	-	-	-	1 767 878
	The average interest rate was 5.657% (2012: 5.79%).				
	Investments made to serve as collateral security for staff housing loans:	17 443	17 443	17 443	17 443
	Fixed Deposits of R 19,007,574 (2012: R 16,863,342) have been pledged to DBSA as guarantees on external loans taken up.				
	Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.				
	The investment in the entity has been written off since the Municipality resolved to discontinue the Entity. The municipality was the only shareholder.				

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

16	LONG TERM RECEIVABLES	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
	Land Sales - Morcane Investments	194 920	194 920	194 920	194 920
	Staff Housing loans - At amortised cost	9 165	11 995	9 165	11 995
	Old Age Homes / Creche - At amortised cost	746 930	805 646	746 930	805 646
	Sundry deposits - At amortised cost	8 648	7 416	8 648	7 416
	Eastford Downs Public Contributions	-	175 439	-	175 439
	Eastford Ridge Public Contributions	109 649	162 281	109 649	162 281
		<u>1 069 312</u>	<u>1 357 696</u>	<u>1 069 312</u>	<u>1 357 696</u>
	Less: Unamortised Discount on Loans	-	-	-	-
	Balance at beginning of year	-	(5 230)	-	(5 230)
	Adjustment for the period	-	5 230	-	5 230
	Less: Current portion transferred to current receivables	(114 566)	(201 842)	(114 566)	(201 842)
	Staff Loans - At amortised cost	(2 648)	(2 776)	(2 648)	(2 776)
	Old Age Homes - At amortised cost	(59 304)	(58 715)	(59 304)	(58 715)
	Eastford Home Owners Associations - At amortised cost	(52 614)	(140 351)	(52 614)	(140 351)
		<u>954 746</u>	<u>1 155 854</u>	<u>954 746</u>	<u>1 155 854</u>
	Less: Provision for Impairment of Long Term Receivables	(498 865)	(522 593)	(498 865)	(522 593)
	Total Long Term Receivables	<u>455 881</u>	<u>633 261</u>	<u>455 881</u>	<u>633 261</u>

The provision for doubtful debts on other debtors (loans and receivables) exists due to the possibility that not all these debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The total amount of the provision for doubtful debts created is R 498 865 (2012: R 522 593) and the following loans and receivables are included therein:

Old Age Homes / Creche - At amortised cost	498 865	522 593	498 865	522 593
Total Provision for Bad Debts on Other	<u>498 865</u>	<u>522 593</u>	<u>498 865</u>	<u>522 593</u>
Reconciliation of Provision for Bad Debts				
Balance at beginning of year	522 593	546 086	522 593	546 086
Contribution/(Reduction) to provision	(23 728)	(23 492)	(23 728)	(23 492)
Balance at end of year	<u>498 865</u>	<u>522 593</u>	<u>498 865</u>	<u>522 593</u>

STAFF HOUSING LOANS

Staff housing loans are no longer granted. The outstanding amount relates to prior years and is still collectable. Interest is being charged at 4% per annum and the carrying value equals the discounted amount using the effective interest rate.

OLD AGE HOMES

New loans are not granted to organisations. The loans are repayable over periods up to forty years at a rate of 1% per annum, with the last loan redeemable in 2032.

HOME OWNERS ASSOCIATIONS - EASTFORD

The Home Owners Associations in Eastford agreed with the municipality to contribute an amount towards the cost of building a new road to their developments. The asset vests in the municipality. The agreement provides for a total cost to be contributed by the Associations over a period of maximum 3 years. The amounts stated above represents the balance of the contributions. No discounting is performed as it is regarded as a non-exchange public contribution.

17	INVENTORY	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
	Consumable Stores - Stationery and materials - At cost	2 568 208	2 331 167	2 568 208	2 331 167
	Maintenance Materials - At cost	5 440 780	5 094 458	5 440 780	5 094 458
	Water - At purification cost	530 387	535 484	530 387	535 484
	Spare parts - At cost	384	3 451	384	3 451
	Total Inventory	<u>8 539 759</u>	<u>7 964 559</u>	<u>8 539 759</u>	<u>7 964 559</u>
	Consumable stores materials written down due to losses as identified during the annual stores counts.	4 289	19 359	4 289	19 359
	Consumable stores materials surpluses identified during the annual stores counts.	31 706	116 508	31 706	116 508
	Inventory recognised as an expense during the year	18 641 094	21 372 127	18 641 094	21 372 127
	Dormant and slow moving inventory at year-end	97 426	116 547	97 426	116 547
	No inventory assets were pledged as security for liabilities.				

18 RECEIVABLES FROM EXCHANGE TRANSACTIONS

<u>Economic Entity</u>	GROSS BALANCES R	PROVISION FOR IMPAIRMENTS R	NETT BALANCES R
As at 30 June 2013			
Electricity	25 570 830	2 720 386	22 850 444
Water	14 406 325	7 775 695	6 630 630
Rentals	3 175 518	2 811 209	364 309
Refuse	5 630 171	3 347 226	2 282 945
Sewerage	4 559 414	3 136 634	1 422 780
Other Arrears	5 921 631	2 892 252	3 029 379
Total: Trade receivables from exchange transactions	<u>59 263 889</u>	<u>22 683 402</u>	<u>36 580 487</u>

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18

RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

<u>Economic Entity</u>	GROSS BALANCES R	PROVISION FOR IMPAIRMENTS R	NETT BALANCES R	
As at 30 June 2012				
Electricity	25 340 005	4 598 948	20 741 056	
Water	27 258 504	18 602 766	8 655 738	
Rentals	2 578 673	2 282 115	296 558	
Refuse	11 958 218	8 999 872	2 958 346	
Sewerage	10 654 288	8 610 682	2 043 607	
Other Arrears	5 129 730	3 125 415	2 004 315	
Total: Trade receivables from exchange transactions	82 919 418	46 219 798	36 699 619	
<u>Knysna Municipality</u>	GROSS BALANCES R	PROVISION FOR IMPAIRMENTS R	NETT BALANCES R	
As at 30 June 2013				
Electricity	25 570 830	2 720 386	22 850 444	
Water	14 406 325	7 775 695	6 630 630	
Rentals	3 175 516	2 811 209	364 309	
Refuse	5 630 171	3 347 226	2 282 945	
Sewerage	4 559 414	3 136 634	1 422 780	
Other Arrears	5 921 631	2 892 252	3 029 379	
Total: Trade receivables from exchange transactions	59 263 889	22 683 402	36 580 487	
As at 30 June 2012				
Electricity	25 340 005	4 598 948	20 741 056	
Water	27 258 504	18 602 766	8 655 738	
Rentals	2 578 673	2 282 115	296 558	
Refuse	11 958 218	8 999 872	2 958 346	
Sewerage	10 654 288	8 610 682	2 043 607	
Other Arrears	5 129 730	3 125 415	2 004 315	
Total: Trade receivables from exchange transactions	82 919 418	46 219 798	36 699 619	
Ageing of Receivables from Exchange Transactions	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
<u>Electricity: Ageing</u>				
Current (0 - 30 days)	17 003 972	15 784 649	17 003 972	15 784 649
31 - 60 Days	3 483 972	3 218 067	3 483 972	3 218 067
61 - 90 Days	1 242 292	1 092 441	1 242 292	1 092 441
+ 90 Days	3 840 595	5 244 848	3 840 595	5 244 848
Total	25 570 831	25 340 605	25 570 831	25 340 605
<u>Water: Ageing</u>				
Current (0 - 30 days)	3 587 863	3 675 656	3 587 863	3 675 656
31 - 60 Days	1 594 143	1 504 993	1 594 143	1 504 993
61 - 90 Days	928 135	948 673	928 135	948 673
+ 90 Days	8 296 164	21 129 180	8 296 164	21 129 180
Total	14 406 325	27 258 504	14 406 325	27 258 504
<u>Refuse: Ageing</u>				
Current (0 - 30 days)	912 819	981 702	912 819	981 702
31 - 60 Days	383 864	421 154	383 864	421 154
61 - 90 Days	261 019	307 699	261 019	307 699
+ 90 Days	4 072 468	10 247 665	4 072 468	10 247 665
Total	5 630 170	11 958 218	5 630 170	11 958 218
<u>Sewerage: Ageing</u>				
Current (0 - 30 days)	617 344	621 787	617 344	621 787
31 - 60 Days	294 562	343 905	294 562	343 905
61 - 90 Days	209 255	264 827	209 255	264 827
+ 90 Days	3 438 254	9 423 770	3 438 254	9 423 770
Total	4 559 415	10 654 288	4 559 415	10 654 288
<u>Rentals: Ageing</u>				
Current (0 - 30 days)	240 014	222 730	240 014	222 730
31 - 60 Days	113 873	126 101	113 873	126 101
61 - 90 Days	107 242	116 931	107 242	116 931
+ 90 Days	2 714 390	2 112 911	2 714 390	2 112 911
Total	3 175 519	2 578 673	3 175 519	2 578 673
<u>Other: Ageing</u>				
Current (0 - 30 days)	806 222	818 439	806 222	818 439
31 - 60 Days	352 751	129 903	352 751	129 903
61 - 90 Days	146 562	85 322	146 562	85 322
+ 90 Days	4 616 096	4 096 065	4 616 096	4 096 065
Total	5 921 631	5 129 730	5 921 631	5 129 730

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
	<u>Total - Ageing</u>				
	Current (0 - 30 days)	23 168 254	22 104 964	23 168 254	22 104 964
	31 - 60 Days	6 223 164	5 744 123	6 223 164	5 744 123
	61 - 90 Days	2 894 504	2 815 892	2 894 504	2 815 892
	+ 90 Days	26 977 967	62 264 439	26 977 967	62 264 439
	Total	59 263 889	82 919 418	59 263 889	82 919 418
	<u>Reconciliation of the Total doubtful debt provision</u>				
	Balance at beginning of the year	46 219 799	27 671 336	46 219 799	27 671 336
	Contributions to provision	12 854 603	21 846 226	12 854 603	21 846 226
	Doubtful debts written off against provision	(36 191 000)	(3 297 763)	(36 191 000)	(3 297 763)
	Balance at end of year	22 683 402	46 219 799	22 683 402	46 219 799
	<u>Summary of Receivables by Customer Classification</u>				
		Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
	2013				
	Total Receivables	56 325 726	1 148 495	1 789 668	59 263 889
	Less: Provision for doubtful debts	(22 169 448)	(513 954)	-	(22 683 402)
	Total Recoverable debtors by customer classification	34 156 278	634 541	1 789 668	36 580 487
	2012				
	Total Receivables	60 396 786	905 008	1 615 623	62 919 418
	Less: Provision for doubtful debts	(45 817 042)	(398 437)	(4 320)	(46 219 799)
	Total Recoverable debtors by customer classification	34 581 744	506 572	1 611 303	36 699 619
			Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
	<u>The ageing of amounts past due but not impaired is as follows:</u>				
	2013				
	1 month past due		4 922 795	1 984 411	6 907 206
	2 + months past due		10 267 050	11 718 337	21 985 387
	Total		15 189 845	13 702 748	28 892 593
	2012				
	1 month past due		4 655 045	1 834 047	6 489 092
	2 + months past due		9 066 569	13 752 406	22 818 975
	Total		13 721 614	15 586 453	29 308 067
19	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
	Other Receivables				
	Rates	38 567 891	31 571 209	38 567 891	31 571 209
	Traffic fines income due	6 187 823	3 071 464	6 187 823	3 071 464
	Miscellaneous	4 228 870	5 022 302	4 228 870	5 022 302
	Total Other Receivables	48 984 584	39 664 974	48 984 584	39 664 974
	Less: Allowance for Doubtful Debts	(18 366 226)	(13 599 409)	(18 366 226)	(13 599 409)
	Net Other Receivables	30 618 358	26 065 566	30 618 358	26 065 566
	Total Net Receivables from Non-Exchange Transactions	30 618 358	26 065 566	30 618 358	26 065 566
	<u>Ageing of Receivables from Non-Exchange Transactions</u>				
	<u>Rates - Ageing</u>				
	Current (0 - 30 days)	7 333 564	6 149 620	7 333 564	6 149 620
	31 - 60 Days	2 300 294	2 039 305	2 300 294	2 039 305
	61 - 90 Days	1 734 799	1 256 573	1 734 799	1 256 573
	+ 90 Days	27 199 234	22 125 711	27 199 234	22 125 711
	Total	38 567 891	31 571 209	38 567 891	31 571 209
	<u>Miscellaneous - Ageing</u>				
	Current (0 - 30 days)	3 691 873	3 995 572	3 691 873	3 995 572
	+ 90 Days	6 724 820	4 098 193	6 724 820	4 098 193
	Total	10 416 693	8 093 765	10 416 693	8 093 765
	<u>Reconciliation of the Total doubtful debt provision</u>				
	Balance at beginning of the year	13 599 410	8 912 909	13 599 410	8 912 909
	Contributions to provision	4 894 646	4 904 062	4 894 646	4 904 062
	Doubtful debts written off against provision	(127 830)	(217 552)	(127 830)	(217 552)
	Balance at end of year	18 366 226	13 599 410	18 366 226	13 599 410

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

All Non-Government debtors were either specifically impaired or subject to collective impairment.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)				
	<u>Trade and other receivables impaired</u>				
	2013	Exchange Transactions R	Non-Exchange Transactions R	Total R	
	Total	22 683 402	18 366 226	41 049 628	
	2012	Exchange Transactions R	Non-Exchange Transactions R	Total R	
	Total	46 219 799	13 599 409	59 819 208	
	Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.				
20	OPERATING LEASE ARRANGEMENTS	Economic Entity 2013 R	2012 R	Knysna Municipality 2013 R	2012 R
20.1	The Municipality as Lessee				
	Balance at beginning of year	1 127 236	1 188 177	1 127 236	1 188 177
	Movement during the year	(147 865)	(60 940)	(147 865)	(60 940)
	Balance at end of year	979 371	1 127 236	979 371	1 127 236
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:				
	Up to 1 Year	1 838 222	2 532 311	1 838 222	2 532 311
	1 to 5 Years	4 032 749	5 870 972	4 032 749	5 870 972
	Total Operating Lease Arrangements	5 870 971	8 403 283	5 870 971	8 403 283
	The municipality did not pay any contingent rent during the year				
	The municipality does not engage in any sub-lease arrangements.				
20.2	The Municipality as Lessor				
	Balance at beginning of year	2 431 991	2 397 856	2 431 991	2 397 856
	Operating Lease Asset for the current year	85 051	34 135	85 051	34 135
	Balance at end of year	2 517 042	2 431 991	2 517 042	2 431 991
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:				
	Up to 1 Year	1 057 228	1 040 374	1 057 228	1 040 374
	1 to 5 Years	4 200 600	4 192 401	4 200 600	4 192 401
	More than 5 Years	9 925 225	10 068 944	9 925 225	10 068 944
	Total Operating Lease Arrangements	15 183 053	15 301 719	15 183 053	15 301 719
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.				
	The leases are in respect of land and buildings being leased out for periods ranging until 2088.				
	The municipality does not engage in any sub-lease arrangements.				
	The municipality did not receive any contingent rent during the year				
21	CASH AND CASH EQUIVALENTS				
	<u>Assets</u>				
	Call Investments Deposits	23 275 534	30 341 591	23 275 534	30 341 591
	Primary Bank Account	22 416 617	26 015 733	22 416 617	24 088 389
	Secondary Bank Accounts	457 062	1 060 553	457 062	1 060 553
	Cash Floats	11 470	12 270	11 470	12 270
	Total Cash and Cash Equivalents - Assets	46 160 683	57 430 147	46 160 683	55 502 803
	<u>Liabilities</u>				
	Primary Bank Account	-	-	-	-
	Total Cash and Cash Equivalents - Liabilities	-	-	-	-
	<u>Disclosed as:</u>				
	Continued Operations	46 160 683	55 502 803	46 160 683	55 502 803
	Discontinued operations	-	1 927 344	-	-
		46 160 683	57 430 147	46 160 683	55 502 803
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. Outstanding cheques are included in Cash and Cash Equivalents.				
	Call Investment Deposits to an amount of R 1 282 071 are held to fund the Unspent Conditional Grants (2012: R2 137 005). Refer to Note 9.				
	Call Deposits of R 8 227 659 (2012: R 7 804 936) have been pledged to DBSA as guarantees on external loans taken up. Refer to Note 3.				
	The municipality has the following bank accounts:				
	<u>Current Accounts</u>				
	Nedbank - Account Number 1626561826 (Primary Bank Account):	22 416 617	24 088 389	22 416 617	24 088 389
	Nedbank - Account Number 1626561834 (Secondary Account):	456 682	1 060 418	456 682	1 060 418
	Nedbank - Account Number 1626571139 (Tertiary Account - SARS VAT Receipts):	380	135	380	135
	Knysna ABSA - Account Number 407 660 8096 (Municipal Entity Primary Bank Account):	-	1 927 344	-	-
		22 873 679	27 076 286	22 873 679	25 148 942

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21

CASH AND CASH EQUIVALENTS (CONTINUED)

Nedbank - Account Number 1626561826 (Primary Bank Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Nedbank - Account Number 1626561834 (Secondary Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Nedbank - Account Number 1626571139 (Tertiary Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Knysna ABSA - Account Number 407 660 8096 (Primary Bank Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Call Investment Deposits

Call investment deposits consist of the following accounts:

Nedbank - 037881531940/35 - Ceded DBSA

Nedbank Retail - 36294875-9998

Old Mutual - 111249865

Old Mutual - 111243580

Old Mutual - 111249864

Standard Bank - 288567420-002

Standard Bank - 08/872631/001

Standard Bank - 288567420-001

Investec - 021941-501

Guarantees Issued

In respect of a connection deposit to a bulk water pump station with Eskom Holdings Limited

22

PROPERTY RATES

Actual

Rateable Land and Buildings

Domestic

Accommodation

Commercial

Church

Light Industrial

Agricultural / Rural

State

Other - Pensioners etc.

Less: Rebates

Total Assessment Rates

Valuations - 30 June

Rateable Land and Buildings

Domestic

Accommodation

Commercial

Church

Light Industrial

Agricultural / Rural

State

Public benefit

Public infrastructure

Municipal

Others

Total Assessment Rates

Assessment Rates are levied on the fair market value basis. The last valuation came into effect on 1 July 2012. Revaluations will be undertaken in terms of the Municipal Property Rates Act. Interim valuations are processed to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

A rate in the rand for domestic properties of R 0.0055836 was charged on the total market value. Businesses were charged at a rate of R 0.0111672 on the total market value.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R65,000 valuation reduction. There are also different rebates and phased in tariffs for different sectors of the community. Interest on arrear accounts is charged at bank rate plus one percent.

Rates are levied monthly and payable by the last day of the following month. Interest is levied at the prime rate plus one percent on outstanding monthly instalments.

	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
CASH AND CASH EQUIVALENTS (CONTINUED)				
Nedbank - Account Number 1626561826 (Primary Bank Account):				
Cash book balance at beginning of year	24 088 389	26 334 590	24 088 389	26 334 590
Cash book balance at end of year	22 416 617	24 088 389	22 416 617	24 088 389
Bank statement balance at beginning of year	29 516 697	33 543 663	29 516 697	33 543 663
Bank statement balance at end of year	32 034 152	29 516 697	32 034 152	29 516 697
Nedbank - Account Number 1626561834 (Secondary Account):				
Cash book balance at beginning of year	1 060 418	883 804	1 060 418	883 804
Cash book balance at end of year	456 682	1 060 418	456 682	1 060 418
Bank statement balance at beginning of year	1 170 276	1 162 721	1 170 276	1 162 721
Bank statement balance at end of year	509 842	1 170 276	509 842	1 170 276
Nedbank - Account Number 1626571139 (Tertiary Account):				
Cash book balance at beginning of year	135	236	135	236
Cash book balance at end of year	380	135	380	135
Bank statement balance at beginning of year	135	236	135	236
Bank statement balance at end of year	380	135	380	135
Knysna ABSA - Account Number 407 660 8096 (Primary Bank Account):				
Cash book balance at beginning of year	1 927 344	2 218 550	-	-
Cash book balance at end of year	-	1 927 344	-	-
Bank statement balance at beginning of year	1 927 344	2 218 550	-	-
Bank statement balance at end of year	-	1 927 344	-	-
Call Investment Deposits				
Call investment deposits consist of the following accounts:				
Nedbank - 037881531940/35 - Ceded DBSA	8 227 659	7 804 936	8 227 659	7 804 936
Nedbank Retail - 36294875-9998	4 301 441	4 108 883	4 301 441	4 108 883
Old Mutual - 111249865	4 588 247	4 346 477	4 588 247	4 346 477
Old Mutual - 111243580	6 134 020	5 840 554	6 134 020	5 840 554
Old Mutual - 111249864	-	3 032 314	-	3 032 314
Standard Bank - 288567420-002	-	5 075 031	-	5 075 031
Standard Bank - 08/872631/001	-	7 747	-	7 747
Standard Bank - 288567420-001	23 792	-	23 792	-
Investec - 021941-501	376	125 649	376	125 649
	23 275 636	30 341 591	23 275 636	30 341 591
Guarantees Issued				
In respect of a connection deposit to a bulk water pump station with Eskom Holdings Limited	156 100	156 100	156 100	156 100
PROPERTY RATES				
Actual				
Rateable Land and Buildings	167 297 524	148 241 333	167 297 524	148 241 333
Domestic	117 898 948	106 401 815	117 898 948	106 401 815
Accommodation	17 585 048	16 147 160	17 585 048	16 147 160
Commercial	17 369 623	15 111 519	17 369 623	15 111 519
Church	1 224 182	807 319	1 224 182	807 319
Light Industrial	4 273 040	3 725 343	4 273 040	3 725 343
Agricultural / Rural	485 533	826 932	485 533	826 932
State	5 886 827	3 558 383	5 886 827	3 558 383
Other - Pensioners etc.	2 574 323	1 662 862	2 574 323	1 662 862
Less: Rebates	(27 327 047)	(22 877 136)	(27 327 047)	(22 877 136)
Total Assessment Rates	139 970 477	125 364 197	139 970 477	125 364 197
Valuations - 30 June				
Rateable Land and Buildings	25 973 642	24 224 026	25 973 642	24 224 026
Domestic	19 993 890	18 996 667	19 993 890	18 996 667
Accommodation	2 548 037	2 066 416	2 548 037	2 066 416
Commercial	1 624 490	1 907 031	1 624 490	1 907 031
Church	112 990	84 725	112 990	84 725
Light Industrial	388 732	394 559	388 732	394 559
Agricultural / Rural	297 831	113 093	297 831	113 093
State	536 192	366 800	536 192	366 800
Public benefit	18 570	15 680	18 570	15 680
Public infrastructure	7 113	6 267	7 113	6 267
Municipal	386 645	224 388	386 645	224 388
Others	59 152	48 400	59 152	48 400
Total Assessment Rates	25 973 642	24 224 026	25 973 642	24 224 026

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
23 GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional Grants	30 859 000	26 687 000	30 859 000	26 687 000
Equitable Share - Refer to Note 23.01	30 859 000	26 687 000	30 859 000	26 687 000
Conditional Grants	93 983 443	93 222 798	93 983 443	93 222 798
National FMG Grant	1 250 000	1 219 391	1 250 000	1 219 391
National MIG Grant	24 180 000	17 777 506	24 180 000	17 777 506
National MSIG Grant	800 000	722 027	800 000	722 027
National: Neighbourhood Development Partnership Grant	116	7 764 120	116	7 764 120
National INEP Grant	4 859 177	4 494 748	4 859 177	4 494 748
National Extended Public Works Program (EPWP)	1 000 000	-	1 000 000	-
Provincial Housing Grant	59 972 216	59 933 646	59 972 216	59 933 646
Provincial Other Grants	1 583 390	1 023 398	1 583 390	1 023 398
Other Organisational Grants	338 544	287 961	338 544	287 961
Total Government Grants and Subsidies	124 842 443	119 909 798	124 842 443	119 909 798
Government Grants and Subsidies - Capital	41 022 993	30 678 919	41 022 993	30 678 919
Government Grants and Subsidies - Operating	83 819 451	89 230 879	83 819 451	89 230 879
	124 842 443	119 909 798	124 842 443	119 909 798
The municipality does not expect any significant changes to the level of grants.				
Revenue recognised per vote as required by Section 123 (c) of the MFMA				
Equitable share	30 859 000	26 687 000	30 859 000	26 687 000
Community Services	1 632 738	1 086 388	1 632 738	1 086 388
Corporate Services	81 098	78 000	81 098	78 000
Electricity	5 083 949	3 210 480	5 083 949	3 210 480
Executive & Council	-	20 064	-	20 064
Finance	2 163 571	1 941 419	2 163 571	1 941 419
Planning	61 472 485	69 001 218	61 472 485	69 001 218
Technical	23 549 602	17 885 229	23 549 602	17 885 229
	124 842 443	119 909 798	124 842 443	119 909 798
23.01 Equitable share	30 859 000	26 687 000	30 859 000	26 687 000
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.				
23.02 National Finance Management Grant (FMG)				
Balance unspent at beginning of year	-	(30 609)	-	(30 609)
Current year receipts	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 219 391)	(1 250 000)	(1 219 391)
Unspent (Unpaid) Conditional Government Grants and Receipts	-	-	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.				
23.03 National Municipal Infrastructure Grant (MIG)				
Balance unspent at beginning of year	(788 076)	(2 943 570)	(788 076)	(2 943 570)
Current year receipts	24 180 000	19 933 000	24 180 000	19 933 000
Conditions met - transferred to revenue	(24 180 000)	(17 777 506)	(24 180 000)	(17 777 506)
Unspent (Unpaid) Conditional Government Grants and Receipts	(788 076)	(788 076)	(788 076)	(788 076)
The grant was used to construct roads, labour intensive side walks and sewerage infrastructure as part of the upgrading of informal settlement areas (included in roads and sewerage votes in Appendix B). No funds have been withheld.				
23.04 National Municipal Systems Improvement Grant				
Balance unspent at beginning of year	-	(67 973)	-	(67 973)
Current year receipts	800 000	790 000	800 000	790 000
Conditions met - transferred to revenue	(800 000)	(722 027)	(800 000)	(722 027)
Unspent (Unpaid) Conditional Government Grants and Receipts	-	-	-	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, most especially the Visual Information Management System.				
23.05 National: Neighbourhood Development Partnership Grant				
Balance unspent at beginning of year	(42 884)	3 601 236	(42 884)	3 601 236
Current year receipts	43 000	4 120 000	43 000	4 120 000
Conditions met - transferred to revenue	(116)	(7 764 120)	(116)	(7 764 120)
Unspent (Unpaid) Conditional Government Grants and Receipts	-	(42 884)	-	(42 884)
The NDPG is being utilised for development of economic nodes within previously disadvantaged areas.				
23.06 National: Integrated National Electrification Program Grant				
Balance unspent at beginning of year	(194 748)	-	(194 748)	-
Current year receipts	5 000 000	4 300 000	5 000 000	4 300 000
Conditions met - transferred to revenue	(4 859 177)	(4 494 748)	(4 859 177)	(4 494 748)
Unspent (Unpaid) Conditional Government Grants and Receipts	(53 925)	(194 748)	(53 925)	(194 748)
The INEP Grant was used to address electrification backlogs of permanently occupied dwellings.				

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

23	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	Economic Entity		Knysna Municipality	
		2013	2012	2013	2012
		R	R	R	R
23.07	National: Extended Public Works Program (EPWP)				
	Balance unspent at beginning of year	-	-	-	-
	Current year receipts	1 000 000	-	1 000 000	-
	Conditions met - transferred to revenue	(1 000 000)	-	(1 000 000)	-
	Unspent (Unpaid) Conditional Government Grants and Receipts	-	-	-	-
	The EPWP Grant was used for environmental projects such as the rehabilitation of sea walls.				
23.08	Provincial - Integrated Housing & Human Settlements Grant				
	Balance unspent at beginning of year	(844 464)	(430 527)	(844 464)	(430 527)
	Current year receipts	55 383 600	59 519 709	55 383 600	59 519 709
	Conditions met - transferred to revenue	(59 972 216)	(59 933 646)	(59 972 216)	(59 933 646)
	Unspent (Unpaid) Conditional Government Grants and Receipts	(5 433 080)	(844 464)	(5 433 080)	(844 464)
	The IHHS from the Department of Local Government & Housing is used for the construction of infrastructure and houses in the Vision 2002, Flenters/Robokolo & Sizamile Housing projects; as well as for the rectification of housing units in the greater Knysna area built pre- and post-1994.				
23.09	Provincial - Other Provincial Grants				
	Balance unspent at beginning of the year	1 231 225	838 624	1 231 225	838 624
	Current year receipts	697 000	1 416 000	697 000	1 416 000
	Conditions met - transferred to revenue	(1 583 390)	(1 023 398)	(1 583 390)	(1 023 398)
	Unspent (Unpaid) Conditional Government Grants and Receipts	344 835	1 231 225	344 835	1 231 225
	Various grants were received from Provincial Government for sanitation, libraries, transport, disaster relief, etc; the main grants being: Community Development Workers, Emergency Housing Program, Library Services, Maintenance of Proclaimed Roads, Sport and Non-motorised Transport Grants.				
23.10	District - EDEN District Municipal Grants				
	Balance unspent at beginning of year	150 000	150 000	150 000	150 000
	Unspent (Unpaid) Conditional Government Grants and Receipts	150 000	150 000	150 000	150 000
	The unspent EDEN grant comprise an amount received and to be utilised for a Knysna Survey Project (2011).				
23.11	Other Spheres of Government Grants				
	Balance unspent at beginning of year	314 761	314 761	314 761	314 761
	Unspent (Unpaid) Conditional Government Grants and Receipts	314 761	314 761	314 761	314 761
	This unspent Grant is from Masibambane (DWAE) and to be utilised for the continued development of Asset Maintenance Plans.				
23.12	Other organisational grants				
	Balance due at beginning of the year	-	(98 688)	-	(98 688)
	Balance unspent at the beginning of the year	441 019	728 980	441 019	728 980
	Impairment	-	98 688	-	98 688
	Current year receipts	350 000	-	350 000	-
	Conditions met - transferred to revenue	(338 544)	(287 961)	(338 544)	(287 961)
	Conditions met - balance transferred to current liabilities	452 475	441 019	452 475	441 019
	Various grants from Other Organisations used for sports facilities, capacity building and youth advisory centre - organisations being National Lottery, Local Government Seta and Umsobomvu Youth Fund.				
23.13	Changes in levels of government grants				
	Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2012), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.				
24	SERVICE CHARGES				
	Electricity	172 759 505	160 872 712	172 759 505	160 872 712
	Service Charges	175 822 030	163 677 780	175 822 030	163 677 780
	Less: Rebates	(3 062 525)	(2 805 067)	(3 062 525)	(2 805 067)
	Water	43 495 057	40 827 611	43 495 057	40 827 611
	Service Charges	50 527 518	47 194 364	50 527 518	47 194 364
	Less: Rebates	(7 032 461)	(6 366 753)	(7 032 461)	(6 366 753)
	Refuse removal	13 312 835	13 130 613	13 312 835	13 130 613
	Service Charges	14 594 772	14 097 914	14 594 772	14 097 914
	Less: Rebates	(1 281 937)	(967 302)	(1 281 937)	(967 302)
	Sewerage and Sanitation Charges	10 098 003	9 541 940	10 098 003	9 541 940
	Service Charges	11 202 773	10 413 392	11 202 773	10 413 392
	Less: Rebates	(1 104 770)	(871 452)	(1 104 770)	(871 452)
	Other Service Charges	1 637 002	2 175 962	1 637 002	2 175 962
	Total Service Charges	241 302 402	226 548 838	241 302 402	226 548 838
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.				

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity		Knysna Municipality	
	2013 K	2012 K	2013 K	2012 K
25 OTHER INCOME				
Administration fees	198 304	175 430	198 304	175 430
Irregular expenditure recovered	-	206 196	-	206 196
Parking fees	68 302	68 168	68 302	68 168
Penalty disconnection fees	335 654	227 135	335 654	227 135
Sundries	1 342 047	479 698	1 342 047	479 698
Valuation certificates	210 390	198 118	210 390	198 118
Sale of refuse bags	154 802	169 425	154 802	169 425
Total Other Income	2 299 699	1 524 171	2 299 699	1 524 171
26 EMPLOYEE RELATED COSTS				
Employee Related Costs - Salaries and Wages	89 499 122	86 122 494	89 499 122	86 122 494
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	26 612 231	23 336 222	26 612 231	23 336 222
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	9 379 911	7 611 434	9 379 911	7 611 434
Housing Benefits and Allowances	1 493 235	1 393 462	1 493 235	1 393 462
Overtime Payments	6 981 937	6 155 397	6 981 937	6 155 397
Bonuses - Restated 2012 - Note 37.04	7 468 493	6 334 947	7 468 493	6 334 947
Provision for leave	2 969 208	1 337 463	2 969 208	1 337 463
TASK implementation	-	197 437	-	197 437
Contribution to provision - Ex-gratia pensions - Note 4	17 728	32 882	17 728	32 882
Contribution to provision - Long Service Awards - Note 4	1 552 934	1 436 470	1 552 934	1 436 470
Contribution to provision - Post Retirement Medical - Note 4	8 060 075	7 232 345	8 060 075	7 232 345
	152 934 874	141 190 553	152 934 874	141 190 553
Less: Employee Costs allocated elsewhere	(1 010 435)	(1 514 940)	(1 010 435)	(1 514 940)
Total Employee Related Costs	151 924 439	139 675 613	151 924 439	139 675 613
KEY MANAGEMENT PERSONNEL				
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.				
REMUNERATION OF KEY MANAGEMENT PERSONNEL				
Remuneration of the Municipal Manager - Mr JB Douglas - July 2011 - August 2011				
Annual Remuneration (including until 31 Dec 2011 by agreement)	-	501 966	-	501 966
Backpay	-	58 912	-	58 912
Leave pay	-	214 249	-	214 249
Car Allowance	-	48 000	-	48 000
Telephone Allowance	-	6 185	-	6 185
Performance Bonus	-	103 792	-	103 792
Pro-rata Bonus 2011/2012	-	54 491	-	54 491
Contributions to UIF, Medical and Pension Funds	-	91 227	-	91 227
Total	-	1 078 822	-	1 078 822
Remuneration of the Municipal Manager - Ms L Waring - From March 2012				
Annual Remuneration	926 408	284 937	926 408	284 937
Car Allowance	80 000	20 000	80 000	20 000
Performance Bonus - 2011/2012	29 430	-	29 430	-
Performance Bonus - 2011/2012 (Acting Municipal Manager)	36 563	-	36 563	-
Telephone Allowance	18 990	6 000	18 990	6 000
Contributions to UIF, Medical and Pension Funds	168 466	51 788	168 466	51 788
Total	1 239 857	362 725	1 239 857	362 725
Remuneration of the Director Planning & Development (17 January 2013 to 30 June 2013) - M Maughan - Brown				
Annual Remuneration	412 928	-	412 928	-
Car Allowance	19 194	-	19 194	-
Performance Bonus - 2011/2012 (Acting Director Plan & Devel)	6 964	-	6 964	-
Acting Allowance - Acting Director	36 187	-	36 187	-
Telephone allowance	8 274	-	8 274	-
Contributions - UIF, Medical, Pension	816	-	816	-
Total	484 363	-	484 363	-
Remuneration of the Director Technical Services - E Myalato				
Annual Remuneration	-	557 156	-	557 156
Car Allowance	-	110 000	-	110 000
Performance Bonus (Pro-rata 2010/2011)	-	17 823	-	17 823
Pro Rata Performance Bonus - 2011/2012	68 617	-	68 617	-
Settling in allowance	-	6 000	-	6 000
Telephone allowance	-	11 000	-	11 000
Contributions - UIF, Medical, Pension	149	103 132	149	103 132
Total	68 766	805 111	68 766	805 111
Remuneration of the Director Technical Services - (1 June 2013 to 30 June 2013) - M Rhode				
Annual Remuneration	69 827	-	69 827	-
Car Allowance	5 200	-	5 200	-
Settling in allowance	69 827	-	69 827	-
Telephone allowance	1 500	-	1 500	-
Contributions - UIF, Medical, Pension	149	-	149	-
Total	146 503	-	146 503	-

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

26	EMPLOYEE RELATED COSTS (CONTINUED)	Economic Entity		Knysna Municipality	
		2013	2012	2013	2012
		R	R	R	R
Remuneration of Acting Directors - Technical Services					
Acting Allowance - R Parry		82 839	-	82 839	-
Acting Allowance - S Mase		84 400	-	84 400	-
Pro Rata Performance Bonus - 2011/2012		3 743	-	3 743	-
Acting Allowance - J.B. Jaftha		97 479	-	97 479	-
Acting Allowance - S Langlands		16 536	-	16 536	-
Total		284 997	-	284 997	-
Remuneration of the Director Technical Services - N Perring (Retired).					
Performance Bonus (Pro-rata 2010/2011)		-	54 062	-	54 062
		-	54 062	-	54 062
Remuneration of the Acting Director Planning and Development - D Adonis					
Pro Rata Performance Bonus - 2011/2012		12 217	-	12 217	-
		12 217	-	12 217	-
Remuneration of the Director Corporate Services - RK Smit (1 July 2012 to 31 December 2012)					
Annual Remuneration		412 474	769 517	412 474	769 517
Backpay		-	44 029	-	44 029
Car Allowance		18 000	41 000	18 000	41 000
Telephone Allowance		6 222	12 444	6 222	12 444
Performance Bonus		81 450	77 571	81 450	77 571
Leave Payout		49 696	-	49 696	-
Contributions - UIF, Medical, Pension		76 241	140 010	76 241	140 010
Total		644 083	1 084 571	644 083	1 084 571
Remuneration of the Director Corporate Services - B Ellman (1 March 2013 to 30 June 2013)					
Annual Remuneration		212 067	-	212 067	-
Telephone Allowance		6 000	-	6 000	-
Settling in allowance		17 672	-	17 672	-
Contributions - UIF, Medical, Pension		50 369	-	50 369	-
Total		286 108	-	286 108	-
Remuneration of the Director Financial Services - G Easton					
Annual Remuneration		1 064 359	1 047 728	1 064 359	1 047 728
Backpay		-	51 228	-	51 228
Car Allowance		36 000	36 000	36 000	36 000
Telephone Allowance		13 066	13 066	13 066	13 066
Performance Bonus - 2011/2012		94 767	90 254	94 767	90 254
Contributions to UIF, Medical and Pension Funds		(19 442)	73 228	(19 442)	73 228
Total		1 188 750	1 311 503	1 188 750	1 311 503
Remuneration of the Acting Director Corporate Services - G Tyelela					
Acting Allowance		37 582	-	37 582	-
Total		37 582	-	37 582	-
Remuneration of the Director Community Services - CG Botha					
Annual Remuneration		213 525	597 281	213 525	597 281
Acting allowance as Municipal Manager - July 2011		-	7 580	-	7 580
Backpay		-	38 396	-	38 396
Car Allowance		32 000	96 000	32 000	96 000
Telephone Allowance		4 000	12 000	4 000	12 000
Performance Bonus		-	67 647	-	67 647
Performance Bonus - 2011/2012		71 029	-	71 029	-
Leave Payout		105 194	-	105 194	-
Contributions to UIF, Medical and Pension Funds		49 478	136 037	49 478	136 037
Total		475 226	954 941	475 226	954 941
Remuneration of Director Planning and Development - Ms L Waring - (July 2011 - February 2012)					
Annual Remuneration		-	480 541	-	480 541
Acting allowance as Municipal Manager (September 2011 - February 2012)		-	102 427	-	102 427
Backpay		-	44 029	-	44 029
Car Allowance		-	40 000	-	40 000
Telephone allowance		-	8 296	-	8 296
Performance Bonus		-	77 571	-	77 571
Pro Rata Performance Bonus - 2011/2012		49 481	-	49 481	-
Contributions - UIF, Medical, Pension		-	88 048	-	88 048
Total		49 481	840 912	49 481	840 912
Remuneration of the Acting Chief Executive Officer of the Entity - Ms T Goslett					
Annual Remuneration		-	315 000	-	-
Contributions - UIF, Medical, Pension		-	1 123	-	-
Total		-	316 123	-	-

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
27 REMUNERATION OF COUNCILLORS				
Executive Mayor	665 421	630 735	665 421	630 735
Executive Deputy Mayor	836 311	808 356	836 311	808 356
Speaker	536 311	508 356	536 311	508 356
Councillors	2 661 619	2 539 572	2 661 619	2 539 572
Mayoral Committee	1 507 861	1 432 205	1 507 861	1 432 205
Total Councillors' Remuneration	5 907 523	5 619 224	5 907 523	5 619 224
In-kind Benefits				
The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.				
The Mayoral Committee consists of the Executive Mayor, the Executive Deputy Mayor and 3 more members who earn on average R502 620 per annum. The remaining 13 Councillors earn on average R204 740 per annum.				
28 DEBT IMPAIRMENT				
Long Term Receivables - Note 16	(23 728)	(23 492)	(23 728)	(23 492)
Investment in Entity - Note 15	-	-	-	510 060
Unpaid grant written off - Note 23.12	-	98 688	-	98 688
Receivables from exchange transactions - Note 18	12 654 603	21 846 226	12 654 603	21 846 226
Receivables from non-exchange transactions - Note 19	4 894 646	4 904 052	4 894 646	4 904 052
Reversal of the Contribution from Vat / (Contribution from VAT) - Note 10	2 954 240	(2 193 729)	2 954 240	(2 193 729)
Total Contribution to Impairment Provision	20 479 761	24 631 745	20 479 761	25 141 805
29 IMPAIRMENTS				
Stock impaired	52 040	19 359	52 040	19 359
Property, Plant & Equipment (Land and Buildings) - Restated 2012 - Note 37.08	-	127 857 539	-	127 857 539
Previously reported	-	128 555 455	-	128 555 455
Impairments - Land and Community Assets incorrectly recognised in prior years - Note 37.05	-	(697 916)	-	(697 916)
	52 040	127 876 898	52 040	127 876 898
The current negative economic climate and resultant decline in property prices is the main reason for the impairments on Land and Buildings.				
30 FINANCE CHARGES				
Long-term liabilities	14 876 041	16 685 997	14 876 041	16 685 997
Total finance charges	14 876 041	16 685 997	14 876 041	16 685 997
Borrowing costs capitalised in terms of GRAP 5.	406 626	382 897	406 626	382 897
31 BULK PURCHASES				
Electricity	122 262 097	107 621 419	122 262 097	107 621 419
Refuse drums	47 452	26 000	47 452	26 000
Total Bulk Purchases	122 309 549	107 647 419	122 309 549	107 647 419
32 CONTRACTED SERVICES				
Commissions for agents	7 092 253	4 893 600	7 092 253	4 893 600
Refuse dumping fees - Petro SA	4 149 995	4 050 404	4 149 995	4 050 404
Other	5 885 612	6 418 954	5 885 612	6 418 954
Total Contracted Services	17 127 860	15 362 958	17 127 860	15 362 958
33 GRANTS AND SUBSIDIES				
Grants-in-aid and Donations	1 310 302	1 288 606	1 310 302	1 288 606
Knysna Economic Development Agency	-	-	-	-
Knysna Tourism	4 300 000	4 495 000	4 300 000	4 495 000
Total Grants and Subsidies	5 610 302	5 783 606	5 610 302	5 783 606
34 OTHER OPERATING GRANT EXPENDITURE				
NATIONAL GRANTS	2 524 981	2 207 953	2 524 981	2 207 953
Local Government Finance Management Grant	1 205 427	1 151 487	1 205 427	1 151 487
Municipal Infrastructure Grant	606 824	386 983	606 824	386 983
Municipal System Improvements Grant	709 810	669 514	709 810	669 514
Expanded Public Works Program (EPWP)	2 804	-	2 804	-
Neighbourhood Development Partnership Grant (NDPG)	116	-	116	-
PROVINCIAL GRANTS	42 651 623	51 307 111	42 651 623	51 307 111
Community Development Worker	29 128	45 555	29 128	45 555
Provincial Finance Management Grant	105 515	-	105 515	-
Housing Consumer Education	-	19 184	-	19 184
Integrated Housing & Human Settlements	41 853 116	50 519 914	41 853 116	50 519 914
Library Services	603 133	526 867	603 133	526 867
Sport & Recreation	60 269	139 731	60 269	139 731
Poverty Alleviation	461	35 797	461	35 797
Management Support Grant: PMS	-	20 064	-	20 064
GRANTS FROM OTHER ORGANISATIONS	56 288	49 278	56 288	49 278
Danish Embassy: Danish Football Grant	56 288	49 278	56 288	49 278
	45 232 892	53 564 343	45 232 892	53 564 343

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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GENERAL EXPENSES

	Economic Entity		Knysna Municipality	
	2013	2012	2013	2012
	R	R	R	R
Other Materials	18 049 416	16 378 605	18 049 416	16 378 605
Electricity Charge (Direct from ESKOM)	1 447 805	1 128 340	1 447 805	1 128 340
Fuel, Oil & Vehicle Management	5 685 644	5 456 625	5 685 644	5 456 625
Materials & Stores - Restated 2012 - Note 37.08	3 142 963	3 695 334	3 142 963	3 695 334
Consumables & Stationery	1 304 938	1 115 292	1 304 938	1 115 292
Protective Clothing	748 742	568 276	748 742	568 276
Environmental Protection	486 270	200 571	486 270	200 571
Chemical Supplies	5 233 054	4 214 166	5 233 054	4 214 166
Other Expenditure	45 220 574	39 556 408	45 261 700	39 556 408
Advertising and Media	1 813 335	1 743 840	1 813 335	1 743 840
Audit Fees	4 260 472	3 221 419	4 260 472	3 221 419
Bank Charges	1 298 753	1 235 609	1 298 753	1 235 609
Collection Costs	146 224	195 082	146 224	195 082
Consultants Fees	1 456 198	3 186 298	1 456 198	3 186 298
Contribution to Non Current Provisions	1 647 031	956 945	1 647 031	956 945
Eradication of alien vegetation	1 513 119	690 695	1 513 119	690 695
Rehabilitation of tip sites	133 913	266 250	133 913	266 250
Foreign Exchange Loss	80 145	311 055	80 145	311 055
General Expenses	3 715 926	2 236 344	3 757 052	2 236 344
Insurance	1 305 211	1 552 111	1 305 211	1 552 111
Levies, Subscriptions and Licences	5 046 012	4 513 720	5 046 012	4 513 720
Office Space Rental	4 347 236	3 703 602	4 347 236	3 703 602
Planning	1 117 192	864 439	1 117 192	864 439
Projects	11 298 353	7 763 181	11 298 353	7 763 181
Staff Related (recruitment, training, etc.)	1 864 541	1 758 835	1 864 541	1 758 835
Telecommunications and Postage	3 819 614	3 756 573	3 819 614	3 756 573
Travel, Entertainment and Functions	2 004 331	2 557 456	2 004 331	2 557 456
General Expenses	63 269 990	55 935 013	63 311 116	55 935 013

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DISCONTINUED OPERATIONS

Investment in Municipal Entity

The Municipality has a 100% shareholding in Amaraka Investments No 64 (Pty) Ltd T/A Knysna Economic Development Agency, as set out in note to the Annual Financial Statements. No other transactions was entered into with this related party for the current financial year. The Municipal Council resolved in June 2012 that the Municipal Manager must take all steps to discontinue the Entity.

The effect of Discontinued Operations on the Statement of Financial Position is as follows:

Assets associated with Discontinued Operations

Taxes	-	4 212	-	-
Cash and Cash Equivalents	-	1 927 932	-	-
Property, Plant and Equipment	-	82 176	-	-
	-	1 984 321	-	-

Liabilities associated with Discontinued Operations

Unspent Conditional Government Grants and Receipts	-	1 673 456	-	-
Non-current Operating Lease Liability	-	17 195	-	-
	-	1 690 651	-	-

At the Statement of Financial Position date, where the entity acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	-	293 670	-	-
Total Operating Lease Arrangements	-	222 366	-	-
	-	222 366	-	-

The entity did not pay any contingent rent during the year

The entity does not engage in any sub-lease arrangements.

The effect of Discontinued Operations on the Statement of Financial Performance is as follows:

Income

Government Grants and Subsidies - Operating	-	345 653	-	-
Interest Earned - external investments	-	52 205	-	-
Reversal of operating lease liability	17 195	-	-	-

Expenditure

Employee Related Costs	-	(316 123)	-	-
Depreciation and Amortisation	(5 519)	(9 685)	-	-
Grants and Subsidies	(46 657)	-	-	-
General Expenses	(6 145)	(582 110)	-	-
Total effect of Discontinued Operations	(41 126)	(510 961)	-	-

The effect of Discontinued Operations on the Cashflow Statement is as follows:

Changes in Operating Activities	(1 927 933)	(631 169)	-	-
Changes in Financing Activities	-	539 311	-	-
Net increase/(decrease) in Cash and Cash Equivalents	(1 927 933)	(291 878)	-	-

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity	Knysna Municipality
	2012	2012
	R	R
37 CHANGE IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS IN TERMS OF GRAP 3		
37.01 Housing Development Fund		
Balance previously reported	2 736 132	2 736 132
Correction of errors		
Expenditure on housing function not claimed against the Housing Development Fund in terms of Section 16 of the Housing Act, 1997 - Opening balance - Note 37.07	(3 057 395)	(3 057 395)
Reversal of expenditure on housing function claimed against the Housing Development Fund in terms of Section 16 of the Housing Act, 1997 - Prior year - Note 37.07	321 263	321 263
Total	-	-
37.02 Net Assets associated with Discontinued Operations		
Balance previously reported	503 868	-
Net Assets associated with Discontinued Operations incorrectly disclosed as a separate line-item. Should have been included in Statement of Changes in Net Assets	(503 868)	-
Total	-	-
37.03 Heritage assets		
Balance previously reported	-	-
Change in accounting policy - Implementation of GRAP 101		
Transfer from Property, Plant and Equipment to Heritage assets - Note 37.05	843 596	843 596
Transfer from Property, Plant and Equipment to Heritage assets - Part of correction of error - Note 37.05	1 400 450	1 400 450
Transfer from Land to Heritage assets - Note 37.05	4 703 200	4 703 200
Transfer from Community assets to Heritage assets - Note 37.05	1 854 247	1 854 247
Transfer from Investment property to Heritage assets - Note 37.06	13 800 000	13 800 000
Transfer from Investment property to Heritage assets - Note 37.06	140 000	140 000
Total	22 741 493	22 741 493
37.04 Current Employee Benefits		
Correction of error - Staff annual bonuses not previously recognised - Note 5		
Balance previously reported	15 311 920	15 311 920
Adjustment to opening balance - Note 37.07	3 233 227	3 233 227
Adjustment for the prior year - Note 37.08	261 323	261 323
Total	18 806 470	18 806 470
37.05 Property, Plant and Equipment		
Balance previously reported	689 897 411	689 897 411
Correction of errors		
Loose assets incorrectly disposed prior to 01/07/2012 - Cost - Note 11	735 498	735 498
Loose assets incorrectly disposed prior to 01/07/2012 - Accumulated depreciation - Note 11	(616 682)	(616 682)
Loose assets incorrectly disposed 30/06/2012 - Cost - Note 11	251 966	251 966
Loose assets incorrectly disposed 30/06/2012 - Accumulated depreciation - Note 11	(168 273)	(168 273)
Incorrect depreciation charge for 2012 - Leased asset - Accumulated depreciation - Note 11	(672 755)	(672 755)
Loose assets incorrectly recognised - Cost - Note 11	(243 085)	(243 085)
Loose assets incorrectly recognised - Accumulated depreciation - Note 11	121 924	121 924
Loose assets identified and recognised for the first time - Cost - Note 11	814 019	814 019
Loose assets identified and recognised for the first time - Accumulated depreciation - Note 11	(355 053)	(355 053)
Loose assets identified and recognised for the first time - Cost - Note 11	68 089	68 089
Loose assets identified and recognised for the first time - Accumulated depreciation - Note 11	(30 819)	(30 819)
Infrastructure incorrectly expensed in the prior year - Infrastructure - Cost - Note 11	77 982	77 982
Infrastructure incorrectly expensed prior to 01/07/2012 - Infrastructure - Cost - Note 11	532 108	532 108
Work in progress infrastructure incorrectly recognised as completed - Accumulated depreciation - Note 11	439 457	439 457
Completed infrastructure incorrectly recognised as Work in progress - Accumulated depreciation - Note 11	(8 602)	(8 602)
Completed infrastructure incorrectly recognised as Work in progress - Accumulated depreciation - Note 11	(244 970)	(244 970)
Completed infrastructure not correctly unbundled in prior years - Accumulated depreciation - Note 11	219 867	219 867
Work in progress infrastructure incorrectly recognised as completed - Accumulated depreciation - Note 11	27 113	27 113
Depreciation incorrectly raised on Heritage assets in prior years - Accumulated depreciation - Note 11	4 645	4 645
Land incorrectly recognised in prior years - Land - Cost - Note 11	(220 000)	(220 000)
Community assets incorrectly recognised in prior years - Community assets - Cost - Note 11	(968 298)	(968 298)
Community assets incorrectly recognised in prior years - Accumulated depreciation - Note 11	68 287	68 287
Land incorrectly not recognised in prior years - Land - Cost - Note 11	1 226 600	1 226 600
Land incorrectly not recognised in prior years - Land - Cost - Note 11	1 519 000	1 519 000
Heritage asset incorrectly not recognised in prior years - Cost - Note 11	1 400 000	1 400 000
Heritage asset incorrectly not recognised in prior years - Cost - Note 11	460	460
Change in accounting policy		
Transfer from Property, Plant and Equipment to Heritage assets - Note 37.03	(843 596)	(843 596)
Transfer from Property, Plant and Equipment to Heritage assets - Part of correction of error - Note 37.03	(1 400 450)	(1 400 450)
Transfer from Land to Heritage assets - Land - Cost - Note 37.03	(4 703 200)	(4 703 200)
Transfer from Community assets to Heritage assets - Cost - Note 37.03	(1 854 247)	(1 854 247)
Total	685 074 386	685 074 386

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity 2012 R	Knysna Municipality 2012 R
CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)		
37.06 Investment Properties		
Balance previously reported	134 998 000	134 998 000
<u>Correction of errors</u>		
Correction of Investment Properties incorrectly not recognised in prior years - Note 37.07	603 500	603 500
Correction of Investment Properties incorrectly not recognised in prior years - Note 37.07	8 987 000	8 987 000
<u>Change in accounting policy</u>		
Transfer from Investment property to Heritage assets - Note 37.03	(13 800 000)	(13 800 000)
Transfer from Investment property to Heritage assets - Note 37.03	(140 000)	(140 000)
Total	130 648 500	130 648 500
37.07 Accumulated Surplus/(Deficit)		
Balance previously reported	582 643 681	582 643 681
<u>Correction of errors</u>	12 741 679	12 741 679
Expenditure on housing function not claimed against the Housing Development Fund in terms of Section 16 of the Housing Act, 1997 - Opening balance - Note 37.01	3 057 395	3 057 395
Reversal of expenditure on housing function claimed against the Housing Development Fund in terms of Section 16 of the Housing Act, 1997 - Prior year - Note 37.01	(321 263)	(321 263)
Staff annual bonuses not previously recognised - Note 37.04	(3 233 227)	(3 233 227)
Correction of loose assets incorrectly disposed - Note 11	169 700	169 700
Correction of loose assets incorrectly recognised - Note 11	(145 785)	(145 785)
Correction of loose assets identified and recognised for the first time - Note 11	530 132	530 132
Correction of loose assets identified and recognised for the first time - Note 11	43 448	43 448
Correction of Infrastructure incorrectly expensed prior to 01/07/2012 - Note 11	532 106	532 106
Correction of Work in progress infrastructure incorrectly recognised as completed - Note 11	219 728	219 728
Correction of Completed infrastructure incorrectly recognised as Work in progress - Note 11	(2 371)	(2 371)
Correction of Completed infrastructure incorrectly recognised as Work in progress - Note 11	(159 532)	(159 532)
Correction of Completed infrastructure not correctly unbundled in prior years - Note 11	146 083	146 083
Correction of Work in progress infrastructure incorrectly recognised as completed - Note 11	6 615	6 615
Correction of Depreciation incorrectly raised on Heritage assets in prior years - Note 11	3 096	3 096
Correction of Land incorrectly recognised in prior years - Note 11	(576 000)	(576 000)
Correction of Community assets incorrectly recognised in prior years - Note 11	(1 255 000)	(1 255 000)
Correction of Land incorrectly not recognised in prior years - Land - Cost - Note 11	1 226 600	1 226 600
Correction of Investment Properties incorrectly not recognised in prior years - Note 12	603 500	603 500
Correction of Land incorrectly not recognised in prior years - Land - Cost - Note 11	1 519 000	1 519 000
Correction of Heritage asset incorrectly not recognised in prior years - Cost - Note 11	1 400 000	1 400 000
Correction of Investment Properties incorrectly not recognised in prior years - Note 12	8 987 000	8 987 000
Correction of Heritage asset incorrectly not recognised in prior years - Note 11	450	450
Total	595 385 360	595 385 360
37.08 Statement of financial performance		
Surplus previously reported	(153 700 925)	(153 700 925)
<u>Correction of errors</u>	68 869	68 869
Employee related costs - Staff annual bonuses not previously recognised - Note 37.04	(261 323)	(261 323)
Depreciation and amortisation - Correction of loose assets previously disposed - Note 11	(40 885)	(40 885)
Loss on disposal of Property, Plant and Equipment - Correction of loose assets previously disposed - Note 11	83 692	83 692
Depreciation and amortisation - Correction of incorrect depreciation charge for 2012 on Leased assets - Note 11	(672 755)	(672 755)
Depreciation and amortisation - Correction of loose assets incorrectly recognised - Note 11	24 623	24 623
Depreciation and amortisation - Correction of loose assets identified and recognised for the first time - Note 11	(71 166)	(71 166)
Depreciation and amortisation - Correction of loose assets identified and recognised for the first time - Note 11	(6 177)	(6 177)
General expenses (Materials and stores) - Correction of Infrastructure incorrectly expensed in the prior year - Note 11	77 982	77 982
Depreciation and amortisation - Correction of Work in progress infrastructure incorrectly recognised as completed - Note 11	219 728	219 728
Depreciation and amortisation - Correction of Completed infrastructure incorrectly recognised as Work in progress - Note 11	(6 231)	(6 231)
Depreciation and amortisation - Correction of Completed infrastructure incorrectly recognised as Work in progress - Note 11	(85 439)	(85 439)
Depreciation and amortisation - Correction of Completed Infrastructure not correctly unbundled in prior years - Note 11	73 784	73 784
Depreciation and amortisation - Correction of Work in progress infrastructure incorrectly recognised as completed - Note 11	20 497	20 497
Depreciation and amortisation - Correction of Depreciation incorrectly raised on Heritage assets in prior years - Note 11	1 548	1 548
Impairments - Correction of Land incorrectly recognised in prior years - Note 11	356 000	356 000
Impairments - Correction of Community assets incorrectly recognised in prior years - Note 11	341 916	341 916
Depreciation and amortisation - Correction of Community assets incorrectly recognised in prior years - Note 11	13 073	13 073
Total	(153 632 055)	(153 632 055)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Economic Entity		Knysna Municipality	
	2013 R	2012 R	2013 R	2012 R
38 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
Surplus/(Deficit) for the year	57 694 610	(153 632 057)	57 694 612	(153 632 057)
<u>Adjustments for:</u>				
Depreciation and amortisation	21 323 315	20 871 095	21 317 796	20 861 409
(Gain)/Loss on disposal of property, plant and equipment - Restated 2012 - Note 37.08	(827 236)	379 364	(827 236)	379 364
Impairments	-	127 857 539	-	127 857 539
Gain on Fair Value Adjustments of Investment Property	-	(27 353 000)	-	(27 353 000)
Reversal of Impairment Losses of Property, Plant & Equipment	-	(5 182 388)	-	(5 182 388)
Government Transfers recognised as revenue	(124 842 443)	(120 255 451)	(124 842 443)	(119 909 798)
Government transfers received	119 562 600	118 015 709	119 562 600	118 015 709
Unspent grant repaid to donor	(1 673 456)	-	-	-
Public Transfers - Contributed Assets	-	(300 000)	-	(300 000)
Assets donated to Southernmost Development Agency	46 657	-	-	-
Fair Value Adjustments on Investment Properties	-	90 472 000	-	90 472 000
Contribution/(reduction) from/to provisions - Non-Current	1 647 031	956 945	1 647 031	956 945
Contribution from/to Non-current provisions - expenditure incurred	(777 824)	(603 362)	(777 824)	(603 362)
Contribution from/to employee benefits - non-current	9 630 737	8 701 697	9 630 737	8 701 697
Contribution from/to employee benefits - non-current - expenditure incurred	(2 358 539)	(2 454 588)	(2 358 539)	(2 454 588)
Contribution from/to employee benefits - non-current - actuarial losses	7 074	5 061 702	7 074	5 061 702
Contribution from/to employee benefits - non-current - actuarial gains	(2 349 887)	(127 207)	(2 349 887)	(127 207)
Contribution to employee benefits - current - Restated 2012 - Note 7	7 825 910	5 760 633	7 825 910	5 760 633
Contribution to employee benefits - current - expenditure incurred - Restated 2012 - Note 7	(5 266 823)	(7 588 068)	(5 266 823)	(7 588 068)
Contribution to provisions - bad debt	20 479 761	24 631 745	20 479 761	25 141 806
Unamortised discount	(492 299)	(604 438)	(492 299)	(604 438)
Bad debts written off - Restated 2012	(36 318 830)	(3 515 315)	(38 086 708)	(3 515 315)
Operating lease income accrued	(85 051)	(34 135)	(85 051)	(34 135)
Operating lease expenses accrued	(165 060)	(81 966)	(147 865)	(60 940)
Investment income	(6 588 564)	(6 719 210)	(6 588 564)	(6 667 005)
Interest expense	14 876 041	16 685 997	14 876 041	16 685 997
Operating Surplus/(Deficit) before changes in working capital	71 347 725	90 963 241	71 218 324	91 962 500
Changes in working capital	17 157 755	(12 999 859)	16 943 342	(13 015 723)
Increase/(Decrease) in Trade and Other Payables	7 726 798	9 756 646	7 516 597	9 564 395
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	-	-	-	-
Increase/(Decrease) in Unspent Public Contributions	-	(4 500)	-	(4 500)
Increase/(Decrease) in Taxes	(4 618 147)	4 129 675	(4 622 359)	4 438 862
(Increase)/Decrease in Inventory	(575 200)	(3 670 527)	(575 200)	(3 670 527)
(Increase)/Decrease in Trade Receivables from exchange transactions	23 655 529	(12 185 786)	23 655 529	(12 185 786)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(9 319 610)	(10 749 193)	(9 319 610)	(10 661 994)
(Increase)/Decrease in Long-term Receivables	288 384	(276 173)	288 384	(276 173)
Cash generated/(absorbed) by operations	88 505 479	77 963 383	88 161 665	78 846 777
39 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Call Investments Deposits - Note 21	23 275 534	30 341 591	23 275 534	30 341 591
Cash Floats - Note 21, (including prior year Discontinued Operations)	11 470	12 859	11 470	12 270
Bank - Note 21 (including prior year Discontinued Operations 2012)	22 873 679	27 076 286	22 873 679	25 148 942
Total cash and cash equivalents	46 160 683	57 430 736	46 160 683	55 502 803
40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note 39 (including prior year Discontinued Operations)	46 160 683	57 430 736	46 160 683	55 502 803
Investments - Note 15	19 025 017	17 384 653	19 025 017	17 384 653
Less:	65 185 699	74 815 389	65 185 699	72 887 456
Unspent Committed Conditional Grants - Note 9 (including prior year Discontinued Operations)	38 636 407	46 242 554	38 636 407	44 569 098
Unspent Borrowings - Note 41	1 262 071	3 810 460	1 262 071	2 137 004
Cash Portion of Housing Development Fund - Restated 2012 - Note 2	10 121 661	17 242 505	10 121 661	17 242 505
Secured Investments - Notes 3 and 15	-	-	-	-
Net cash resources available for internal distribution	27 252 675	25 189 589	27 252 675	25 189 589
Allocated to:	26 549 292	28 572 835	26 549 292	28 318 358
Capital Replacement Reserve - Note 2	(3 638 765)	(4 692 214)	(3 638 765)	(4 692 214)
Employee Benefits Reserve - Note 2	(6 669 395)	(6 153 045)	(6 669 395)	(6 153 045)
Non-Current Provisions Reserve - Note 2	(3 592 636)	(3 418 794)	(3 592 636)	(3 418 794)
Valuation Roll Reserve - Note 2	(824 000)	(412 000)	(824 000)	(412 000)
Resources available (shortfall) for working capital requirements	11 824 496	13 896 782	11 824 496	13 642 305
41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term Liabilities - Note 3	147 206 916	164 667 412	147 206 916	164 667 412
Used to finance property, plant and equipment - at cost	(137 085 254)	(147 424 907)	(137 085 254)	(147 424 907)
Cash set aside for the unspent portion of long-term liabilities - Note 40	10 121 661	17 242 505	10 121 661	17 242 505
Cash invested for repayment of long-term liabilities	(10 121 661)	(17 242 505)	(10 121 661)	(17 242 505)
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 8.85% and 17% and will be repaid by 2030	-	-	-	-

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

42

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

42.1

Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	246 738 864	7 157 205	246 738 864	7 157 205
Unauthorised expenditure current year - capital	6 787 059	292 047	6 787 059	292 047
Unauthorised expenditure current year - operating	8 337 830	239 289 611	8 279 509	239 289 611
Approved by Council or condoned	(246 738 864)	-	(246 738 864)	-
Unauthorised expenditure awaiting authorisation:	15 124 889	246 738 864	15 066 568	246 738 864

The recoverability of the unauthorised expenditure will be determined by the Council after an investigation by a Council Committee in terms of Section 32 of the MFMA.

Incident	Disciplinary steps/criminal proceedings
Overexpenditure of approved budgets per vote - See Notes 42.2 and 42.3.	None

Economic Entity (including Discontinued Operations)	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
42.2 Budget Comparison by Municipal Vote - Operating Expenditure				
Exec & Council	34 103 638	33 426 950	676 688	676 688
Corporate	16 954 729	18 686 700	(1 731 971)	-
Finance	9 081 750	21 049 660	(11 967 910)	-
Planning	60 769 555	59 282 790	1 486 765	1 486 765
Community	92 645 467	86 471 090	6 174 377	6 174 377
Electricity	169 804 905	173 231 320	(3 426 415)	-
Technical	110 390 613	110 749 190	(358 577)	-
	493 750 657	502 897 708	(9 147 043)	8 337 830
Knysna Municipality				
Budget Comparison by Municipal Vote - Operating Expenditure				
Exec & Council	34 045 317	33 426 950	618 367	618 367
Corporate	16 954 729	18 686 700	(1 731 971)	-
Finance	9 081 750	21 049 660	(11 967 910)	-
Planning	60 769 555	59 282 790	1 486 765	1 486 765
Community	92 645 467	86 471 090	6 174 377	6 174 377
Electricity	169 804 905	173 231 320	(3 426 415)	-
Technical	110 390 613	110 749 190	(358 577)	-
	493 692 336	502 897 708	(9 205 364)	8 279 509
Economic Entity (including Discontinued Operations)				
42.3 Budget Comparison by Municipal Vote - Capital Expenditure				
	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
Exec & Council	2 035 457	2 267 100	(231 643)	-
Corporate	133 058	24 000	109 058	109 058
Finance	1 158 562	1 057 900	100 662	100 662
Planning	16 329 628	15 344 000	985 628	985 628
Community	5 399 576	5 195 000	204 576	204 576
Electricity	13 405 309	14 957 000	(1 551 691)	-
Technical	36 672 135	31 285 000	5 387 135	5 387 135
	73 133 725	70 130 000	3 003 725	6 787 059
Knysna Municipality				
Budget Comparison by Municipal Vote - Capital Expenditure				
Exec & Council	2 035 457	2 267 100	(231 643)	-
Corporate	133 058	24 000	109 058	109 058
Finance	1 158 562	1 057 900	100 662	100 662
Planning	16 329 628	15 344 000	985 628	985 628
Community	5 399 576	5 195 000	204 576	204 576
Electricity	13 405 309	14 957 000	(1 551 691)	-
Technical	36 672 135	31 285 000	5 387 135	5 387 135
	73 133 725	70 130 000	3 003 725	6 787 059
Economic Entity				
2013 R	2012 R	2013 R	2012 R	
42.4 Fruitless and wasteful expenditure				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance	314 024	325 859	314 024	325 859
Fruitless and wasteful expenditure current year	408 221	194 361	408 221	194 361
Condoned or written off by Council	(314 024)	-	(314 024)	-
Fruitless expenditure recovered	-	(206 196)	-	(206 196)
Fruitless and wasteful expenditure awaiting condonement	408 221	314 024	408 221	314 024

The recoverability of the expenditure will be determined by the Council after an investigation by a Council Committee in terms of Section 32 of the MFMA.

Incident	Disciplinary steps/criminal proceedings
Penalty interest on payments not made to the Compensation Commissioner for Occupational Injuries and Diseases - R408 221 - 2012/2013	None

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

42	UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE AND MATERIAL LOSSES (CONTINUED)	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
42.5	<u>Irregular expenditure</u>				
	Reconciliation of irregular expenditure:				
	Opening balance	496 233	-	496 233	-
	Irregular expenditure current year	6 360	496 233	6 360	496 233
	Awards to persons in the service of the state	-	222 667	-	222 667
	Audit Committee remuneration to a person in the service of the State	6 360	-	6 360	-
	Declarations of interest by winning providers not submitted	-	273 566	-	273 566
	Condoned or written off by Council	(496 233)	-	(496 233)	-
	Irregular expenditure awaiting approval	6 360	496 233	6 360	496 233
	The recoverability of the expenditure will be determined by the Council after an investigation by a Council Committee in terms of Section 32 of the MFMA.				
42.6	<u>Material losses</u>				
	Electricity distribution losses				
	Units purchased (Mwh)	184 020	187 162	184 020	187 162
	- Units lost during distribution (Mwh)	19 993	16 315	19 993	16 315
	- Percentage lost during distribution	10.86%	8.72%	10.86%	8.72%
	Water distribution losses				
	- Mega litres purified	4 381	4 080	4 381	4 080
	- Mega litres lost during distribution	806	588	806	588
	- Percentage lost during distribution	18.40%	14.41%	18.40%	14.41%
	There is no possibility of recovering any of the material losses.				
43	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	Economic Entity		Knysna Municipality	
		2013 R	2012 R	2013 R	2012 R
43.1	<u>Contributions to organised local government - IMFMA 125 (1) - SALGA CONTRIBUTIONS</u>				
	Opening balance	273 627	-	273 627	-
	Council subscriptions	1 214 000	957 696	1 214 000	957 696
	Amount paid - current year	(1 214 000)	(684 069)	(1 214 000)	(684 069)
	Balance unpaid (included in creditors)	273 627	273 627	273 627	273 627
43.2	<u>Audit fees - IMFMA 125 (1)</u>				
	Opening balance	-	-	-	-
	Current year audit fee	3 960 441	3 221 419	3 960 441	3 221 419
	External Audit - Auditor-General	2 793 715	2 042 485	2 793 715	2 042 485
	Internal Audit	1 014 086	1 026 294	1 014 086	1 026 294
	Audit Committee	152 640	152 640	152 640	152 640
	Amount paid - current year	(3 960 441)	(3 221 419)	(3 960 441)	(3 221 419)
	Balance unpaid (included in creditors)	-	-	-	-
43.3	<u>VAT - IMFMA 125 (1)</u>				
	Opening balance	337 313	4 026 300	337 313	4 331 275
	Amounts received - previous year	(343 671)	(3 223 218)	(343 671)	(3 223 218)
	Amounts received - current year	(39 231 409)	(38 928 299)	(39 231 409)	(38 928 299)
	Amounts claimed - current year	41 142 921	38 180 729	41 138 679	38 179 748
	Amount paid/Transferred - current year	(4 242)	303 991	-	-
	Corrections	188 955	(22 191)	188 955	(22 191)
	Closing balance	2 089 867	337 312	2 089 867	337 313
	Vat inputs receivables and Vat outputs payables are shown in Note 10				
	All VAT returns have been submitted by the due date throughout the year.				
	Vat in suspense due to cash basis of treatment	1 131 677	1 216 113	1 131 677	1 216 113
43.4	<u>PAYE and UIF - IMFMA 125 (1)</u>				
	Opening balance	(5 812)	7 625	(5 812)	(6 295)
	Current year payroll deductions and Council Contributions	(16 346 315)	(15 823 123)	(16 346 315)	(15 599 597)
	Amount paid - current year	16 346 307	15 509 485	16 346 307	15 600 079
	Balance unpaid (included in creditors)	(5 810)	(5 812)	(5 820)	(5 812)
43.5	<u>Pension and Medical Aid Deductions - IMFMA 125 (1)</u>				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	(35 573 549)	(32 496 793)	(35 573 549)	(32 496 793)
	Amount paid - current year	35 573 549	32 496 793	35 573 549	32 496 793
	Balance unpaid (included in creditors)	-	-	-	-
43.6	<u>Councillor's arrear consumer accounts - IMFMA 124 (1)</u>				
	The following Councillors had arrear accounts for more than 90 days as at 30 June:				
		2013		2012	
		R		R	
		Outstanding more than 90 days		Outstanding more than 90 days	
	Dyantyi M	4 434		-	
	Lizwani M	3 834		3 710	
	Gombo E	3 182		5 592	
	Van Aswegen EO	-		4 070	
	Total Councillor Arrear Consumer Accounts	11 450		13 372	

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

43.7 The following Councilors had arrear accounts outstanding for more than 90 days during the year.

<u>Currently in office</u>	Highest amount outstanding	Ageing	Month
Dyantyi M	4 434	>150 days	Jun 2013
Lizwani M	3 834	>150 days	Jun 2013
Gombo E	3 182	>150 days	Jun 2013

43.8 Quotations awarded - Supply Chain Management

Deviations from the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Inventory	2 257 069	88 381	-	-
Executive & Council	695 878	473 138	-	-
Corporate Services	707 709	563 647	350 877	-
Community Services	1 008 814	239 461	-	-
Financial Services	389 287	-	-	-
Technical Services	1 104 619	1 821 859	1 350 749	-
Electrical Services	2 065 422	1 249 243	1 006 712	-
Planning & Development	494 107	730 999	1 657 895	8 025 040
	<u>8 722 905</u>	<u>5 166 928</u>	<u>4 366 233</u>	<u>8 025 040</u>

The major deviations above R30,000 were as follows:

Awarded to	Reason/Explanation	Amount
B & V Contractors	Expansion of existing tender with new contractor due to contractual dispute resulting in political unrest	8 025 040
Clinkscles Maugh-Brown (Consultants)	Continuation of work already done - downstream ie. single source selection in terms of NT guidelines at gazetted tariffs.	1 701 123
Superfecta Trading 930 cc	Urgent - Provision of temporary housing in the relevant wards	1 560 263
Aurecon SA (Pty) Ltd	Continuation of work already done - downstream ie. single source selection in terms of NT guidelines at gazetted tariffs.	1 183 000
Tuniqua Engineers (Consultants)	Continuation of work already done - downstream ie. single source selection in terms of NT guidelines	627 875
SSI Engineers Pty Ltd (Consultants)	Continuation of work already done - downstream ie. single source selection in terms of NT guidelines at gazetted tariffs.	642 877
University of Stellenbosch	Sole supplier only public higher education in the Western Cape	410 076
	TOTAL	14 150 254

44 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Land and Buildings
Infrastructure
Loose assets
Community

Total

This expenditure will be financed from:

External Loans
Capital Replacement Reserve
Government Grants
Own Resources

Economic Entity		Knysna Municipality	
2013	2012	2013	2012
R	R	R	R
23 256 630	16 346 848	23 256 630	16 346 848
214 300	10 335	214 300	10 335
18 417 697	8 094 088	18 417 697	8 094 088
68 500	-	68 500	-
4 556 133	8 242 425	4 556 133	8 242 425
<u>23 256 630</u>	<u>16 346 848</u>	<u>23 256 630</u>	<u>16 346 848</u>
4 311 706	1 900 476	4 311 706	1 900 476
2 315 650	146 091	2 315 650	146 091
16 430 073	14 049 207	16 430 073	14 049 207
199 201	251 075	199 201	251 075
<u>23 256 630</u>	<u>16 346 848</u>	<u>23 256 630</u>	<u>16 346 848</u>

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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RETIREMENT BENEFIT INFORMATION

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of GRAP 25, multi-employer plans are defined as defined benefit plans. GRAP 25 also states that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as a defined benefit plan, it will be accounted for as a defined contribution plan. All the disclosures have been made as required in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108% (30 June 2011 - 116.9%).

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pensions being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

46

FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality entered into a contract for the purchase of Windows software systems for a period of 3 years, denominated in US currency. The municipality does not foresee any significant currency risks related to the transaction and is of the opinion that the benefits of the transaction exceeds the risks attached to the transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality did not hedge against any interest rate risks during the current year.

	Economic Entity		Knysna Municipality	
	2013	2012	2013	2012
	R	R	R	R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates are as follow:				
1% (2012 - 1%) Increase in interest rates	(1 049 695)	(1 254 037)	(1 049 695)	(1 263 674)
0.5% (2012 - 0.5%) Decrease in interest rates	524 847	622 200	524 847	631 837

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 18 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	Economic Entity		Knysna Municipality	
	2013 %	2013 R	2012 %	2012 R
Electricity	6.63%	2 720 386	7.69%	4 598 948
Water	18.94%	7 775 695	31.10%	18 602 766
Housing Rentals	6.85%	2 811 209	3.82%	2 282 115
Refuse	8.15%	3 347 226	15.05%	8 999 872
Sewerage	7.64%	3 136 634	14.39%	8 610 682
Other Consumer Arrears	7.05%	2 892 252	5.22%	3 125 415
Rates	44.74%	18 366 226	22.73%	13 599 409
	100.00%	41 049 628	100.00%	59 819 207

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there is no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2013 R	2012 R	2013 R	2012 R
Fixed Deposit Investments	19 025 017	17 384 653	19 025 017	17 384 653
Long Term Receivables	870 447	835 103	870 447	835 103
Receivables from exchange transactions	36 580 487	36 699 619	36 580 487	36 699 619
Short Term Investment Deposits	23 275 534	30 341 591	23 275 534	30 341 591
Bank and Cash Balances	22 885 149	27 089 145	22 885 149	25 161 212
	102 336 634	112 350 110	102 336 634	110 422 177

(e) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and ensures that borrowing facilities are available to meet its cash requirements.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic Entity

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities	32 013 961	87 771 774	77 039 358	45 067 963
Capital repayments	18 115 516	46 705 837	47 818 262	34 567 299
Loans	17 735 584	46 482 965	47 818 262	34 567 299
Finance Leases	359 932	222 872	-	-
Interest	13 898 445	41 065 937	29 221 096	10 500 664
Loans	13 874 683	41 064 041	29 221 096	10 500 664
Finance Leases	23 760	1 896	-	-
Trade and Other Payables	48 287 289	-	-	-
Provisions	-	17 963 180	-	-
	80 301 250	105 734 954	77 039 358	45 067 963
2012				
Long Term liabilities	33 108 120	100 284 138	86 718 294	55 120 012
Capital repayments	17 258 767	54 004 124	52 691 065	40 713 454
Loans	15 506 163	53 319 557	52 691 065	40 713 454
Finance Leases	1 752 604	684 568	-	-
Interest	15 849 354	46 280 013	34 027 228	14 406 557
Loans	15 673 486	46 235 291	34 027 228	14 406 557
Finance Leases	175 868	44 722	-	-
Trade and Other Payables	42 165 248	-	-	-
Provisions	-	17 093 972	-	-
	75 273 369	117 378 110	86 718 294	55 120 012

Knysna Municipality

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities	32 013 961	87 771 774	77 039 358	45 067 963
Capital repayments	18 115 516	46 705 837	47 818 262	34 567 299
Loans	17 735 584	46 482 965	47 818 262	34 567 299
Finance Leases	359 932	222 872	-	-
Interest	13 898 445	41 065 937	29 221 096	10 500 664
Loans	13 874 683	41 064 041	29 221 096	10 500 664
Finance Leases	23 760	1 896	-	-
Trade and Other Payables	48 287 289	-	-	-
Provisions	-	17 963 180	-	-
	80 301 250	105 734 954	77 039 358	45 067 963
2012				
Long Term liabilities	33 108 120	100 284 138	86 718 294	55 120 012
Capital repayments	17 258 767	54 004 124	52 691 065	40 713 454
Loans	15 506 163	53 319 557	52 691 065	40 713 454
Finance Leases	1 752 604	684 568	-	-
Interest	15 849 354	46 280 013	34 027 228	14 406 557
Loans	15 673 486	46 235 291	34 027 228	14 406 557
Finance Leases	175 868	44 722	-	-
Trade and Other Payables	42 375 445	-	-	-
Provisions	-	17 093 972	-	-
	75 483 566	117 378 110	86 718 294	55 120 012

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

47	FINANCIAL INSTRUMENTS		Economic Entity		Knysna Municipality	
			2013 R	2012 R	2013 R	2012 R
		In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:				
47.1	<u>Financial Assets</u>	<u>Classification</u>				
	Investments					
	Fixed Deposits	Financial instruments at amortised cost	19 025 017	17 384 653	19 025 017	17 384 653
	Financial instruments at cost					
	Non-Current Investments					
	- Municipal Entity - Knysna Economic Dev Agency	Financial instruments at cost	-	503 868	-	503 868
	Long-term Receivables					
	Land Sales	Financial instruments at amortised cost	194 920	194 920	194 920	194 920
	Staff loans	Financial instruments at amortised cost	6 516	9 219	6 516	9 219
	Old age homes	Financial instruments at amortised cost	188 761	224 337	188 761	224 337
	Sundry deposits	Financial instruments at amortised cost	8 648	7 416	8 648	7 416
	Eastford Downs Public Contributions	Financial instruments at amortised cost	-	35 088	-	35 088
	Eastford Ridge Public Contributions	Financial instruments at amortised cost	109 649	162 281	109 649	162 281
	Current Receivables					
	Service Debtors	Financial instruments at amortised cost	33 186 799	34 398 746	33 186 799	34 398 746
	Rentals	Financial instruments at amortised cost	364 309	296 558	364 309	296 558
	Other Debtors	Financial instruments at amortised cost	3 029 379	2 004 315	3 029 379	2 004 315
	Current Portion of Long-term Receivables					
	Staff loans	Financial instruments at amortised cost	2 648	2 776	2 648	2 776
	Old age homes	Financial instruments at amortised cost	59 304	58 715	59 304	58 715
	Eastford Downs Public Contributions	Financial instruments at amortised cost	52 614	140 351	52 614	140 351
	Short-term Investment Deposits					
	Call Deposits	Financial instruments at amortised cost	23 275 534	30 341 591	23 275 534	30 341 591
	Bank Balances and Cash					
	Bank Balances	Financial instruments at amortised cost	22 873 679	27 076 286	22 873 679	25 148 942
	Cash Floats and Advances	Financial instruments at amortised cost	11 470	12 859	11 470	12 270
			<u>102 389 247</u>	<u>112 853 978</u>	<u>102 389 247</u>	<u>110 926 045</u>
	SUMMARY OF FINANCIAL ASSETS					
	Financial instruments at amortised cost					
	Non-Current Investments	Fixed deposits	19 025 017	17 384 653	19 025 017	17 384 653
	Non-Current Investments	Municipal Entity - Knysna Economic Dev Agency	-	503 868	-	503 868
	Long-term Receivables	Staff loans	6 516	9 219	6 516	9 219
	Long-term Receivables	Old Age Homes	188 761	224 337	188 761	224 337
	Long-term Receivables	Sundry deposits	8 648	7 416	8 648	7 416
	Long-term Receivables	Land sales	194 920	194 920	194 920	194 920
	Long-term Receivables	Public Infrastructure Contribution	-	35 088	-	35 088
	Long-term Receivables	Public Infrastructure Contribution	109 649	162 281	109 649	162 281
	Current Receivables	Services	33 186 799	34 398 746	33 186 799	34 398 746
	Current Receivables	Rentals	364 309	296 558	364 309	296 558
	Current Receivables	Other	3 029 379	2 004 315	3 029 379	2 004 315
	Current Portion of Long-term Receivables	Staff car loans	2 648	2 776	2 648	2 776
	Current Portion of Long-term Receivables	Old Age Homes	59 304	58 715	59 304	58 715
	Current Portion of Long-term Receivables	Public Infrastructure Contribution	52 614	140 351	52 614	140 351
	Short-term Investment Deposits	Call deposits	23 275 534	30 341 591	23 275 534	30 341 591
	Bank Balances	Bank Balances	22 873 679	25 148 942	22 873 679	25 148 942
	Cash Floats and Advances	Cash Floats and Advances	11 470	12 270	11 470	12 270
	Total Financial Assets		<u>102 389 247</u>	<u>110 926 046</u>	<u>102 389 247</u>	<u>110 926 046</u>
47.2	<u>Financial Liability</u>	<u>Classification</u>				
		In accordance with GRAP 104 the Financial Liabilities of the municipality are classified as follows :				
	Long-term Liabilities					
	Non-current Loans	At amortised cost	129 597 177	148 421 137	129 597 177	148 421 137
	Payables					
	Trade payables	At amortised cost	54 717 766	46 990 972	54 717 766	47 201 169
	Current Portion of Long-term Liabilities					
	Short-term portion of Non-current loans	At amortised cost	18 129 932	17 258 767	18 129 932	17 258 767
			<u>202 444 875</u>	<u>212 670 876</u>	<u>202 444 875</u>	<u>212 881 073</u>

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

48 EVENTS AFTER THE REPORTING DATE

- 48.01 The municipality resolved to engage once more, and if unsuccessful, to formally declare a dispute with the Eden District Municipality over the ownership of certain properties, which both municipalities claim as it's properties - refer to Note 51.02 for more details.
- 48.02 On 16 August 2013 the Executive Mayor invoked Section 29(1) of the Municipal Finance Management Act, No 56 of 2003, to provide for possible unforeseen and unavoidable expenditure due to the possible oil spillage of the oil tanker, the Kieni Satu, which stranded off the Goukamma Marine Protected Area, Buffalo Bay on 8 August 2013. Subsequently, before the end of August 2013, the ship was towed out and scuttled to prevent further ecological damage. The ship's owners indicated that all costs will be reimbursed, however interim costs may be required from the municipality.
- 48.03 The Council of Knysna Municipality resolved to wind-up the Knysna Economic Development Agency.
- 48.04 On 20 September 2013 four staff members of the Knysna Traffic Department were suspended from duty. The suspensions emanated from a forensic investigation into the Certification of Vehicles for Roadworthiness at the Vehicle Testing Centre of the Knysna Municipality. The investigation is currently on-going and the Testing Centre has been closed indefinitely.
- 48.05 A claim of R260 000 against the Municipality for alleged defamation of character was withdrawn and the case finalised. - See Note

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

Organisation	Contribution towards:	Economic Entity		Knysna Municipality	
		2013	2012	2013	2012
		R	R	R	R
General public	Rheemendal Bus tragedy	-	2 530	-	2 530
General public	Mayoral Golf day	121 050	107 400	121 050	107 400
General public	Milleod Museum	3 209	3 450	3 209	3 450
General public	Various mayoral initiatives, including Women's Day	-	2 210	-	2 210
Netbank Corporate	SMME Business Incubator	260 000	-	260 000	-
		<u>374 259</u>	<u>115 590</u>	<u>374 259</u>	<u>115 590</u>

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51 51.01 CONTINGENT LIABILITY

Claims against Council

11 398 522	8 359 509	11 398 522	8 359 509
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The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

300 000	-	300 000	0
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Alleged defamation of character - The claimant is claiming R250 000 with interest from 2 April 2013.

260 000	-	260 000	
---------	---	---------	--

Action instituted for damages and claims payment of R 2 030 750 plus interest @ 15.5% p.a. from 06/03/2004 and costs (G02118). The plaintiff's former attorneys formally withdrew from acting on his behalf. Muller Terblanche and Beyers Inc of Worcester advised the Municipality that they have been appointed and will be serving an appropriate notice to this effect shortly.

4 965 406	4 650 640	4 965 406	4 650 640
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The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is an approximate 2% increase in remuneration as from October 2009.

5 873 116	3 708 869	5 873 116	3 708 869
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<u>11 398 522</u>	<u>8 359 509</u>	<u>11 398 522</u>	<u>8 359 509</u>
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51.02 CONTINGENT ASSET

The municipality resolved to engage once more, and if unsuccessful, to formally declare a dispute with the Eden District Municipality over the ownership of the following properties, which both municipalities claim as it's properties:

	Possible Classification	Valuation		Valuation	
Portion 1 of the farm Walkers Point	Investment Property	390 000	-	390 000	-
Portion 2 of the farm Walkers Point	PPE	490 000	-	490 000	-
Portion 3 of the farm Walkers Point	PPE	125 000	-	125 000	-
Erf 20 - Belvidere	Investment Property	900 000	-	900 000	-
Erf 21 - Belvidere	Investment Property	900 000	-	900 000	-
Erf 22 - Belvidere	Investment Property	900 000	-	900 000	-
		<u>3 705 000</u>	<u>-</u>	<u>3 705 000</u>	<u>-</u>

The properties are not as yet recognised in the municipality's financial statements.

KNYSNA MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

52 RELATED PARTIES

Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers / residents. All transactions are at arm's length.

52.1 Related Party Transactions

Year ended 30 June 2013

Councilors
Municipal Manager and Section 57 Personnel

Rates Levied 1 July to 30 June:	Service Charges Levied 1 July to 30 June:	Other Charges Levied 1 July to 30 June:	Outstanding Balances at end of year:
43 053	155 769	1 439	20 449
28 184	44 359	244	316
Year ended 30 June 2012			
Councilors	35 045	104 820	2 493
Municipal Manager and Section 57 Personnel	18 215	49 696	13 928
			23 408

Councillor S de Vries is the Chief Executive Officer of the African Community Development Centre, which received a grant-in-aid from the municipality for the amount of R10 000 in 2012/2013.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.2 Related Party Loans

Since 1 July 2004 loans to councilors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 16 to the Annual Financial Statements. A study bursary was previously provided to Councillor M Lizwani while he was an employee of the municipality. An amount of R3834, which includes interest, is still recoverable.

52.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

52.4 Other Supply Chain transactions

The following purchases were made during the year where Councilors or Staff have an interest:

Councillor/Staff Member	Entity				
Mr. R. Brouwer (Stores Clerk) - Father-in-law	J.C.O. Terblanche	382 729	366 160	382 729	366 160
Mr. R. Brouwer (Stores Clerk) - Father-in-law	J.C. Terblanche via P&H Services	392 820	326 535	392 820	326 535
Mr. W. Löt (Councillor) - Mother	Sizamekhaya Construction	23 787	78 318	23 787	78 318
Ms. L. Grobler (Customer care admin assistant) - Husband	G&E Carpet Cleaners Knysna	1 433	9 524	1 433	9 524
Ms. M. McDonald (Principal Technical Electrical) - Husband	Jam Electrical	389 086	277 636	389 086	277 636
Ms. N. Misana (Procurement Clerk) - Ex-husband	Zweidumle Misana	84 700	9 700	84 700	9 700
Ms. S. Pretorius (Payroll Officer) - Husband	Mostly Photography	1 050	4 750	1 050	4 750
Mr. J.M. Tshambo (Casual - General Assistant: Parks) - Wife	Limise Designers Construction	12 600	9 500	12 600	9 500
Ms. M. Pieterse (General Assistant: Buildings) - Life Partner	Rheendal Prospects Agric	3 480	16 378	3 480	16 378
Ms. T.S. Guzana-Tsese (Senior Clerk: Records) - Husband	Tsese Transport and Shuttle Services	14 750	9 870	14 750	9 870
Mr. ZRM Dulwana (Artisan Diesel Mechanic) & Ms. T. Mpembe (Senior Clerk: Payroll) - Wife and Husband	Nathi G General Trading	130 122	9 000	130 122	9 000
Mr. B. Sluerman (Procurement Clerk) - Uncle	Claud's Construction	0	30 585	0	30 585
Ms. V. Bridge (IT Manager) - Stepfather	Simola	27 300	-	27 300	-
Mr. M. Maughan-Brown (Director - Planning) - Brother-in-law	Geelhouvlief Timbers	198 729	-	198 729	-
Ms. E. Van den Berg (Accountant - Meter reading) - Husband	J.T. van den Berg	108 920	-	108 920	-
Ms. A. Scholtz (Communications officer) - Husband	Desmond Scholtz (Photography)	15 490	-	15 490	-
Mr. A. Mogan (Accountant: Treasury and Budget) - Brother	Rais Fomosa	2 485	-	2 485	-
Ms. LV Buinens (Motor vehicle registration clerk) - Brother	Wilbooi Transport	850	-	850	-
Mr. G. Hardnick (Senior Supervisor - Parks) - Brother	FK Hardnick	18 150	-	18 150	-
Mr. F.E. Fredericks (Senior Fireman) - Father	D. Fredericks	95 725	-	95 725	-
Mr. H.J. Borchers (Trainee Fireman) - Brother	Sizamele Contrads	235 874	-	235 874	-
Ms. L. Pliatjes (Network and system administrator) - Brother-in-law	MM Jantjes (Transport)	63 260	-	63 260	-
Mr. AP Goosen (Supervisor - Sewerage) - Brother	BB car wash	2 978	-	2 978	-
Ms. E. Baker (General assistant - Technical) - Uncle	Masikhame Trading 610 CC	26 658	-	26 658	-
		2 232 976	1 148 158	2 232 976	1 148 158

52.5 Investment in Municipal Entity

The Municipality has a 100% shareholding in Amaraka Investments No 64 (Pty) Ltd T/A Knysna Economic Development Agency, as set out in note 15 to the Annual Financial Statements. No other transactions were entered into with this related party for the current financial year. The municipality resolved in June 2012 that the Municipal Manager must take all steps to discontinue the Entity.

APPENDIX A - Unaudited
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Rate	Original Loan Amount	Redeemable	Balance at 30 JUNE 2012	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2013
LOCAL REGISTERED STOCK							
Tswane City Council	16.35%	2 322 482	31/12/2013	2 322 483	-	-	2 322 483
Tswane City Council	16.45%	710 520	31/12/2018	710 520	-	-	710 520
Total Long-term Loans		3 033 002		3 033 003	-	-	3 033 003
ANNUITY LOANS							
ABSA	11.98%	15 000 000	30/06/2028	14 133 284	-	321 590	13 811 694
ABSA	10.65%	7 010 000	01/10/2028	6 567 050	-	158 372	6 408 678
ABSA	10.99%	7 000 000	30/09/2028	6 691 953	-	152 642	6 539 313
ABSA	9.84%	19 579 000	30/06/2029	18 499 591	-	444 810	18 054 781
DBSA	8.23%	11 339 800	30/06/2021	5 371 484	-	596 832	4 774 652
DBSA	8.60%	5 077 667	30/06/2022	2 672 456	-	267 246	2 405 210
DBSA	11.97%	1 194 900	30/06/2012	-	-	-	-
DBSA	8.68%	6 898 760	30/06/2023	3 994 019	-	363 093	3 630 926
DBSA	8.68%	1 965 640	30/06/2013	218 404	-	218 404	0
DBSA	8.23%	8 594 807	30/06/2024	5 428 299	-	452 358	4 975 941
DBSA	8.23%	1 911 374	30/06/2019	955 687	-	136 527	819 160
DBSA	8.91%	1 452 650	30/06/2014	322 811	-	161 406	161 405
DBSA	7.33%	9 380 257	31/12/2025	6 664 919	-	493 698	6 171 221
DBSA	7.33%	1 500 330	31/12/2020	910 915	-	107 166	803 749
DBSA	7.33%	1 979 824	31/12/2015	777 899	-	222 257	555 642
DBSA	13.75%	34 437 967	30/06/2015	14 748 072	-	4 277 508	10 470 564
DBSA	7.08%	5 386 431	30/06/2026	4 702 992	-	335 928	4 367 064
DBSA	7.12%	1 741 830	30/06/2021	1 099 165	-	122 129	977 036
DBSA	7.08%	2 393 924	30/06/2016	966 725	-	241 681	725 044
DBSA	8.68%	8 000 000	29/06/2021	7 200 000	-	800 000	6 400 000
DBSA	8.73%	8 245 000	31/12/2026	8 105 517	-	302 172	7 803 345
Eden District Municipality	0.00%	504 000	30/06/2013	50 400	-	25 200	25 200
INCA	6.93%	18 607 000	15/02/2027	16 823 145	-	487 232	16 335 913
INCA	10.87%	8 390 000	31/12/2012	1 058 041	-	1 058 041	-
INCA - Transferred to Standard Bank	10.48%	2 600 000	23/05/2018	1 943 191	-	341 388	1 601 803
INCA - Transferred to Standard Bank	10.59%	5 884 000	20/03/2019	4 831 884	-	495 930	4 335 954
INCA - Transferred to Standard Bank	9.54%	5 106 000	20/03/2014	2 398 455	-	1 143 350	1 255 105
Nedbank	9.03%	14 960 000	17/06/2020	13 001 963	-	1 167 903	11 834 060
Standard Bank	10.26%	10 000 000	30/09/2020	9 058 917	-	711 268	8 347 649
Total Annuity Loans		226 141 161		159 197 238	-	15 606 131	143 591 109
LEASE LIABILITY							
Finance Leases				2 437 172	649 431	2 503 799	582 804
Total Lease Liabilities				2 437 172	649 431	2 503 799	582 804
TOTAL EXTERNAL LOANS				164 667 413	649 431	18 109 930	147 206 916

APPENDIX B - Unaudited

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2012	Contributions during the year	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS					
	R	R	R	R	R
Dist Grant - Knysna Survey Project	(150 000)	-	-	-	(150 000)
Nat Grant - DWAF: Masibambane	(314 761)	-	-	-	(314 761)
Nat Grant - Equitable Share	-	(30 859 000)	30 859 000	-	-
Nat Grant - Integrated Electrification Program	194 748	(5 000 000)	519 152	4 340 024	53 925
Nat Grant - Local Government Finance Management Grant	-	(1 250 000)	1 250 000	-	(0)
Nat Grant - Neighbourhood Development Partnership Grant(NDPG)	42 884	(43 000)	116	-	(0)
Nat Grant - Municipal Infrastructure Grant	788 076	(24 180 000)	3 007 419	21 172 582	788 076
Nat Grant - Municipal System Improvements Grant	-	(800 000)	800 000	-	-
Nat Grant - Expanded Public Works Program (EPWP)	-	(1 000 000)	130 000	870 000	-
Prov Grant - Community Development Worker (Operat)	-	(105 000)	29 128	51 970	(23 902)
Prov Grant - Library	(11 133)	(592 000)	603 133	-	-
Prov Grant - Integrated Housing & Human Settlement (LocGov&Hsg)	844 463	(55 383 600)	46 379 573	13 592 643	5 433 078
Prov Grant - Public Transport Facility (Trans P/W)	(1 054 596)	-	11 340	827 088	(216 167)
Prov Grant - Poverty Alleviation (Social Development)	(461)	-	461	-	-
Prov Grant - Performance Management System (Management Support)	(104 766)	-	-	-	(104 766)
Prov Grant - Upgrade B-Field - Lorie Park	(60 269)	-	60 269	-	-
Prov Grant - Financial Management Grant (WC FMG)	-	(350 000)	113 571	-	(236 429)
Other Grant - Govan Mbeki National Housing Award	(114 090)	-	-	-	(114 090)
Other Grant - French Football Grant	(226 207)	-	-	168 685	(57 522)
Other Grant - Danish Football Grant	(100 722)	-	56 288	-	(44 434)
Total	(266 834)	(119 562 600)	83 819 451	41 022 993	5 013 009

